



***Struggling to Define Value:
A Critical and Discourse-Based Study
of Strategic Sensemaking
in the Recorded Music Industry***

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Degree of Doctor of Business Administration

by

Jonathan Wheeldon

Henley Business School

University of Reading

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Abstract

Despite evidence suggesting that music is being consumed more than ever, the global market for recorded music has lost more than one third of its value since its peak in 1999. This thesis explores the implications and competing interpretations of this development via discourse analysis of conversations between the author (a former industry ‘insider’) and 16 senior and influential individuals representing both new and long-established industry stakeholders. The research finds that music is still highly valued, but that the relative value attributable to record companies is contested: not only by artists and consumers, but also by many others who are exploiting new media and technologies to offer products and services which derive value from music. Many strategic solutions have long been recognized or imagined by record companies, but have failed to be executed. Such failure is traced to cognitive and social obstacles to generative dialogue which impede collaboration between powerful stakeholders. Building from the constructs in the participant texts, a number of identity-bound narratives are elaborated, including tales attributed to protagonists such as the patron, the inventor and the curator. From these, the concepts ‘Tin Pan world’ and ‘Wiki world’ are introduced to frame and illustrate how obstacles to strategic collaboration are rooted in alternative value systems, producing a dilemma which is as much social and political as it is commercial. On the one hand is the desire to protect a long-established economic system of patronage and cultural intermediation based on the principle of intellectual property. On the other is the desire to disrupt this ideology and its restrictive power relations and narrow cultural privileges, promoting instead broader civil rights to access and to generate cultural capital in new ways made possible by developments in media and technology.

The research responds to calls for approaches which can incorporate the sociological and political dimensions of industrial strategizing. It proposes that the study of discursive practice and discursive resources together can make complex and unresolved dilemmas more visible and discussible. Fragmentation of institutional power and the socially-constructed constraints and enablers of change are themes of relevance not only to the music industry, but also to other industries which are sustained by intellectual property rights and which face the threats and opportunities of the so-called convergence in media and technology.

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Contents

Abstract	1
Acknowledgments	2
Contents	3
1. Introduction	8
1.1 Sponsorship of the research	8
1.2 Overview of the thesis	9
1.3 Theorizing versus sensemaking	12
2. The research problem in industry context	14
3. Literature review	20
3.1 The context of the cultural economy	20
3.1.1 Intellectual property	23
3.1.2 Convergence	28
3.2 Location of the research problem in the strategy literature	32
3.2.1 The contested domain of strategy	32
3.2.2 The practice turn	35
3.2.3 The linguistic turn	38
<i>Rhetoric</i>	41
<i>Narrative</i>	41
<i>Sensemaking</i>	43
<i>Critical discourse analysis</i>	45
3.3 Literature review conclusions	47

4. Research design and methodology	49
4.1 A critical approach	50
4.2 An epistemological re-evaluation of the research problem	52
4.3 Reflexive considerations	57
4.4 Alternative approaches considered	61
4.5 Data collection	63
4.6 Researcher identity	67
4.7 Ethnographic considerations	68
4.8 A discourse-based approach	69
4.9 Data analysis	70
4.9.1 The domains of discourse	71
4.9.2 The dimensions of discourse	73
4.9.3 Choice of discourse approach	76
4.9.4 Process of analysis	78
4.10 Research design conclusions	81
5. Analysis and findings	83
5.1 Introduction	83
5.2 Participant introductions	87
5.3 Emerging themes	91
5.3.1 Value chain	91
<i>Parasitic activities</i>	92
<i>Credit, blame and justice</i>	93
5.3.2 Value shift	96
<i>Diminution in value</i>	96
<i>Digital commoditization</i>	97

	<i>Physical-visual</i>	100
	<i>Physical-aural</i>	101
	<i>The honey-trap</i>	102
	<i>New value opportunities</i>	103
	<i>Live music</i>	104
	<i>The 360 degree model</i>	105
	<i>Baking new pies</i>	108
	<i>The subscription model</i>	108
	<i>The advertising-funded model</i>	114
	<i>Integrated mobile phone services</i>	116
5.3.3	Custodial tensions	121
	<i>Cultural custody</i>	122
	<i>Economic custody</i>	129
	<i>Pricing and unbundling</i>	130
	<i>Usage restrictions</i>	131
5.3.4	Hindsight	141
	<i>Commitment</i>	142
	<i>Historic success and cognitive impairment</i>	145
5.4	Discourse, narrative, and competing worldviews	150
5.4.1	Identification of object constructs	150
	<i>Music</i>	151
	<i>The record company</i>	155
	<i>The consumer</i>	156
	<i>Technology</i>	158
5.4.2	A narrative view	159
	<i>Seven tales</i>	161
	<i>Tin Pan tales and Wiki tales</i>	164
	<i>Other tales</i>	165
	<i>Multiple positions</i>	167
	<i>The inventor's tale - entrepreneurs and technologists</i>	169
	<i>Cultural industry or technology industry?</i>	179
5.5	Power and ideology	190
	<i>What is the music industry?</i>	190
	<i>A Foucauldian perspective</i>	191
	<i>Genealogy</i>	192
	<i>Discursive power and the struggle for survival</i>	195

6. Industrial implications	198
6.1 So what have we learned?	198
<i>Dimensions of discovery and selection</i>	203
<i>Dimensions of music enjoyment</i>	205
<i>Solutions and obstacles</i>	207
<i>Questioning an oracle</i>	209
<i>Artist-focused solutions</i>	211
<i>Technology-focused solutions</i>	212
6.2 A sharing mindset	217
6.3 The outlook	219
<i>Collaborative agility or rigid coercion?</i>	220
<i>Remember the CD?</i>	222
6.4 Final word	225
7. Contribution, limitations, and further research	227
7.1 Contribution of the research	227
<i>Contextual contribution</i>	227
<i>Cultural industries</i>	228
<i>Organizational strategy and discourse</i>	230
7.2 Limitations and further research	233
<i>Contextual opportunities</i>	234
<i>Strategy theory</i>	235
<i>Discourse methodology and design</i>	236
7.3 Final reflections on relevance	238
References	239
Appendices	246

List of figures

	<u>Page</u>
1. Epistemological grid	55
2. Dimensions and positions in discourse studies	73
3. The mature and still dominant 'value chain'	91
4. 'Parasite' value chains	93
5. Technology disruption to the value chain	94
6. Custodial tensions	121
7. Object constructs	150
8. A storytelling contest	165
9. Tale usage	168
10. Technological developments	169
11. Inventor's tale (variations)	172
12. Cultural and political economy 'grand' discourses	196
13. Tin Pan world	200
14. Wiki world	200
15. Dimensions of discovery and selection	204
16. Dimensions of music enjoyment	204

1. Introduction

1.1 Sponsorship of the research

In 2005, at a planning and forecasting seminar organized by a business school, I became aware of the DBA as a part-time degree designed for executives and practitioners to engage in business-relevant research to a doctoral standard. Subsequently, I proposed to the President/CEO of EMI Music (my employer) that DBA research into the challenges of strategic and cultural change we were facing as an industry would be of value to the organization. He agreed that EMI would fully support the DBA whilst leaving the specific research agenda to my judgement. I began the DBA in October 2005. At the time I was a senior finance executive in the music division of EMI. Shortly afterwards I was promoted to head the corporate development department of the parent company, EMI Group plc. In this position I was amongst the last group of executives to present strategic options to the board of EMI as a public company in October 2006. One of the options was to sell the Group to a private equity company. This option was selected and executed and I, along with all of the board and the senior management team, left the company in 2007.

EMI continued to fund my DBA through its third year and to allow me to remain on their network for the receipt of daily email press cuttings which have been a valuable source of contextual data. I invited the new head of the company, Guy Hands from private equity firm Terra Firma, to participate in the research, but he declined. The research scope and agenda have remained free from corporate influence and EMI has no claim to rights in the intellectual property generated.

1.2 Overview of the thesis

Both topically and methodologically, the research problem¹ draws from the literature of several fields, and it is therefore important to explain the structure of this thesis.

Contextual introduction

The relevance of the research is primarily contextual and I therefore start with a narrative overview of the recent history of the music industry. Reflexive questions of my editorial authority, ethnographic location, and possible biases as a researcher are all addressed later, so this section is, for the purpose of providing an illustrative introduction to the industry, written in a way which does not at this point critically challenge my own interpretative comments.

Literature review

I move next to the relevant literature of the fields in which the research is located and to which it aims to contribute. Starting with the contextual field of cultural production, I examine two important elements of the research problem. The first is the well-established theme of intellectual property. The second is the less deeply-rooted but dynamic and emerging discourse on the theme of convergence within and between media and technology. As the research problem is also concerned with my perception of shortcomings in strategic process, I then move to the field of strategy and I locate my concerns in the so-called 'practice turn' and the 'linguistic turn' of the field.

Design and methodology

The linguistic turn leads me into the design and methodology of the research. I begin by locating the research within a critical tradition and explore the contested ontological claims of realism and social constructionism. I then consider aspects of ethnography, in particular the reverse perspective of the insider stepping out, rather than the outsider stepping in, to the

¹ I specifically use the term research 'problem' rather than research 'question' because the research is broadly exploratory. This follows Thomas' (1993) view that topic selection in critical research usually begins with only a vague idea of some broad issue, which may not be narrowed down until well into data gathering when the most interesting concealed or repressed themes are detected.

observed world. I reflexively evaluate my motives and credentials as a researcher, listing the advantages and disadvantages of my experience and relationship with the music industry. Next, I look in some depth at the domains and dimensions of discourse and the approaches to its analysis. This is a broad and complex area which is vulnerable to being criticized for less rigorous methods, so here I lay out the research claims of epistemological integrity. Having covered some of the practical implications and obstacles of the research, I conclude the methodology section with some thoughts of alternative approaches which were considered.

Analysis and findings

The central section of analysis and findings is based on the transcription of text from 16 semi-structured conversations with a diversity of both new and more established stakeholders in the music industry. Part one starts from an initial organization of the content for thematic coherence, on which part two builds a more a critical and discourse-based analysis.

In part one, I describe the main concerns of the participants and the common ground between them, starting with their interpretations of the so called value-chain of the recorded music industry and the developments which are attributed to its recent economic decline. From this point of consensus, I then explore dissensus, using a high proportion of the participants' own words, with minimal interpretation except to add context and fluency for the reader. Dissensus centres on shifting perceptions of the value of music and, in particular, between competing value systems which produce a custodial dilemma: on the one hand is the desire to protect a long-established economic system of cultural intermediation and, on the other, to protect and promote broader civil rights to access and to generate cultural capital. Whilst the latter is less capitalistic than the former, both are revealed to have strong social dimensions which create obstacles to commercial dialogue between companies, arising from the lack of recognition of the legitimacy of such competing perceptions of value. This first section of analysis ends with retrospective sensemaking examples from participant hindsight of what has happened in the music industry in the past 10 years.

In part two of the analysis and findings, I move to a closer scrutiny of discourse and the alternative constructions of key objects such as music, the record company, the consumer, and technology. The combination of this discursive analysis with the concept of custodial dilemma leads to the introduction of seven identity-driven narratives, or tales, as a helpful way to frame the findings. The tales imply the existence (or at least commonly recognizable social constructions) of two distinct worldviews, which I name ‘Tin Pan world’ and ‘Wiki world’ and which are broadly aligned with each side of the custodial dilemma. Having outlined the plots, protagonists and antagonists of the tales, I then select one, the inventor’s tale, to explore themes which were less transparent and less polarized than in the other tales, and to suggest why so many solutions to the industry’s problems have failed to be commercially executed, despite having been conceived many years ago. I conclude the second part with critical reflections on issues of power and politics which locate the cognitions and discourses of participants within the grand discourses of the cultural economy such as neo-liberalism, liberal-pluralism, capitalism, and technological determinism, and consider the possibilities for change from this socio-political, rather than commercial, perspective.

Industry implications

This chapter synthesizes the preceding analysis and findings in order to consider the strategic implications for the music industry. Issues are presented in a broader commercial context which incorporates contextual data and some of my own experiences, which go beyond the confines of the research conversations. It represents my attempt to make the findings more accessible and applicable beyond the academic frame of the research. Though this increases elements of subjectivity and bias, I contend that this is both valuable and inevitable given the research design.

Contribution, limitations and further research

Finally, the thesis ends with a chapter which considers the contribution made by the research, its limitations, and the likely further research opportunities it may generate.

1.3 Theorizing versus sensemaking

On a structural note it is worth highlighting that, unlike much research which begins with a question or hypothesis rooted in a well documented field of theory and then seeks contextual empirical opportunities, this research begins with a context, in which my researcher observations of problems in practice are seeking to locate themselves in appropriate fields of academic research which can lend structure to their exploration. It thus answers some criticisms of strategy as being the process of solutions looking for problems (Knights and Morgan, 1991, Mintzberg et al., 1998, Vaara et al., 2004).

This thesis represents my serious endeavours to make sense of both the organizational world within which I worked for many years, and of the recorded music industry, which continues to decline and fragment. Though sensemaking (Weick, 1995) may not be entirely synonymous with theorizing, it bears many similar characteristics (Keenoy, 2008). Key differentiators noted by Keenoy are that the former encourages the pursuit of plausibility over accuracy, and also ‘privileges epistemological anxiety’ over ‘the vainglorious quest for ontological security’ (p.112-3) preferred by theorizing. This view resonates strongly with my experience of the shortcomings of strategic theory in practice, that is to say: theory offers little security in determining outcomes.

The distinction between sensemaking and theorizing is important in appreciating the contribution made by the research. Discovering the extent to which organizational actors are both masters and subjects of language was exciting, even intoxicating, and there were times in the project when I set off enthusiastically up paths naively expecting to contribute radical new insights into social and critical theory. Later, I saw more clearly that this was not the destiny of the research. Consistent with the practical and inter-disciplinary aims of the DBA, I believe this research makes a distinct contribution to an understanding of the organizational challenges particular to the cultural industries. Its findings are underpinned by theory and methodology, which for the most part are rooted in the linguistic areas of organizational studies. These theoretical and methodological resources are still largely on the fringe of

management science and are consequently relatively inaccessible to managers and executives. By analysing and articulating industry issues in a new way I hope that it not only makes the issues more visible and discussible, but also encourages the adoption of more discourse-oriented approaches into the mainstream of business school and consultant research design.

2. The research problem in industry context

The central irony

In its broadest definition, music is being consumed in greater volumes than ever before². The causes are variously attributed to: increased consumer choice through greater portability, accessibility and ‘personalization’; new technology-enabled media for the discovery and free sharing of music; and the growth of live music as an authentic social experience in an increasingly ‘virtual and digital’ world. Yet in spite of this growth in consumption, the global market for recorded music (as defined and measured by the recorded music industry) has lost more than one third of its value³ since its peak just before the turn of the millennium, and continues to show signs of decline. Whilst there has been growth in revenues from new digital formats via new media such as the internet and mobile phones, such growth has not compensated for the decline in sales of physical formats, especially compact discs (CDs). The future of the recorded music industry now hangs in the balance. The survival of existing music companies, both large and small, depends upon their abilities to anticipate and accommodate the complexity of artist, consumer and other stakeholder responses to rapid and continuing innovations in new technology which are shaping changes in social behaviour and attitudes towards cultural products and production.

Thus far in the interpretation of history, there is little contention either inside or outside the industry. What follows below is an interpretative summary of an evolution which is more complex and contested.

² This statement is difficult to measure and prove, yet is widely and anecdotally cited in the media. The growth in live music and the phenomenon of digital file-sharing (both evidenced later) outweigh the decline in physical music formats, making the statement largely non-contentious.

³ Movements in the global market are difficult to measure, but IFPI 2008 figures (www.ifpi.org) suggest a 27% fall in total sales from their peak of 1999, despite growth in digital revenues which now represent 20% of the business. Adjusting for inflation means that the total market has lost more than one third of its value in relative terms.

Tales of pirates and dinosaurs

Media coverage of the industry in recent years broadly tends to construct the causes of the industry's woes with an emphasis on one of two dominant narratives. The first is the more sympathetic version. It cites piracy, massively stimulated by the widespread availability and convenience of digital copying and file-sharing technologies, as the cause of the eight-year decline. The alternative diagnosis blames the economic and cultural complacency of the historically dominant record companies, their institutional rigidity and the biases and staleness of their ageing white-male executives. Fears of, on the one hand, an inexorable rise in the digital theft of music and, on the other, the disintermediation by any one of a large number of so-called new media and technology innovators, have caused these content-owning companies to establish highly protective and conservative strategies which constrain content usage, leaving them blind to the commercial opportunities provided by new technology. By relaxing these protective strategies and creating more flexible products and services which respond to the consumer's demand for choice and convenience, then surely there must be an opportunity for growth in new business models to compensate for the decline in the physical format model of production and distribution. Or so this argument goes. If not, then, like the dinosaurs, a failure to adapt may lead to the extinction of these music giants who once ruled their world.

The strategic landscape

For 50 years up to the end of the millennium, the business model of the large multi-national music companies had remained remarkably stable⁴, in spite of innovations in sound reproduction. Strategy was not prominent, either as an organizational topic or as a formally-resourced function. Strategic differentiators between companies were few; examples include the approach to growth (in-house talent development versus acquisition of established artists or catalogues), or the degree of investment in local (i.e. *not* anglo-american) repertoire. There were also some tactical options along the way: the extent to which one should control certain elements of production and distribution, such as studio recording or the manufacturing of

⁴ This retrospective interpretation of the past as stable will be challenged elsewhere in the research.

physical products (vinyl, cassette, CD, DVD). Nevertheless, the strategy has been broadly the same for all major players, with the result that the intellectual and management focus of a whole industry has been contained quite narrowly within the highly competitive ‘hit-driven’ domain of artist talent discovery and development (‘artist & repertoire’ or ‘A&R’), promotion, and distribution.

The value-chain of music production has traditionally been controlled via a mixture of rights and relationships, from A&R through to production, promotion (mostly through relationships at radio) and distribution of physical products (via high-street retailers). The tacit but deep-rooted practices and relationships operating across the industry remained largely unchallenged until the late nineties, when the internet began to empower consumers. It expanded their choice beyond what was available in their local record shops, and liberated them from the obligation to acquire a whole album, allowing them to ‘cherry pick’ individual songs instead. In less than a decade, the home PC with broadband internet access moved from being an aspirational luxury to a mainstream domestic utility. Although several legal models for internet distribution of music were launched in the nineties, the choice and quality of the user experience fell well short of what was available through illegal but highly efficient global file-sharing services such as Napster. As a result, tens of millions of people took advantage of the opportunity to get music for free. For a new generation of consumers the economic paradigm for music, as intellectual property to be paid for and owned, shifted.

New and changing stakeholders

In parallel with these developments, the consumer electronic giants and the mobile phone manufacturers and network operators saw that portable digital music content was likely to be a massive driver of growth for their products. In particular, they detected, well before the music industry understood it, an important sociological trend: that consumers would value the services and functionality which could satisfy their desire for convenience, choice, and personal preferences, as much as (if not more than) they would value the music content itself. Perhaps the best example of some of these elements is the phenomenal success of Apple’s iPod and related iTunes service. With sales of well over 150 million devices and six billion

songs⁵, Apple has a dominant share of the world market for portable digital music players and authorized online music services. Apple is not the only company to have achieved success from a legal business model. The big mobile phone operators have also emerged as leading retail channels, and, if some market research predictions are correct, the mobile phone will eclipse dedicated music devices (iPod/mp3 players) as the default carrier and channel for portable music⁶.

Despite the impressive achievements of the iTunes music service, most of the music stored on iPods has not been purchased via iTunes, but has been either copied ('ripped') from CDs or from file-sharing activities. The five billion authorized songs sold via iTunes represents only a small fraction of the songs which have been illegally downloaded across the internet via services such as Kazaa, Grokster, Limewire, and Bit-Torrent. The industry has been fighting the proliferation of these services with a variety of tactics, but each success precedes the emergence of another unauthorized innovation, with the result that illegal file-sharing can at best only be described as stable or contained, as there are no indications it is falling. Unauthorized usage of copyrighted material has been further compounded by the spectacular growth in user-generated content on social networking sites, leading to lawsuits by the big content-owning media giants, most notably Viacom's \$1 billion action against Google as owner of YouTube. Even radio, which for decades has been a mutually beneficial media partner of the music industry, is becoming a competitive threat to music sales, due to the continuously developing and consumer-empowering digital broadcast and online radio services.

The industry's claim to exclusivity in the realm of A&R is also being challenged as artists and repertoire are being discovered or developed via a greater number and diversity of sources and channels. Production technology now enables composers, performers, and producers to make high quality recordings cheaply and easily, often at home, without a contract with a record company. They can then promote and distribute themselves on the internet, building up large online audiences via community sites such as MySpace, Facebook

⁵ As reported by Apple January 2009.

⁶ The media coverage and marketing of the iPhone indicates Apple's desire to lead the market for this hybrid product, acknowledging the threat posed to the iPod by other mobile handset manufacturers.

and YouTube. MySpace is even signing artists itself, in direct competition with the traditional labels. Other examples of alternative A&R sources include TV producers (Pop Idol, X-Factor), and mobile phone service providers (the Crazy Frog ringtone epidemic). Even Starbucks has entered the A&R space by signing artists who fit its particular brand of coffee-table repertoire. In 2007, Starbucks' signing of long-time EMI artist Paul McCartney, along with a promotional tie-up with iTunes, is indicative of how the industry's previously tight control of both the source and distribution of content has effectively been thrown wide open. Other examples of established artists distancing themselves from record companies include Madonna leaving her long-time label (Warner) in favour of the concert promoter Live Nation; and Radiohead's departure from EMI, and decision to make their new album available for download on the internet at any price (including zero) which consumers are prepared to pay for it. These examples illustrate how relatively less important the revenues from sales of recordings have become, and how artists are relying on other revenue streams such as merchandising, sponsorship, and live performance, the latter traditionally being considered a loss-making promotional activity for all but the most well-known acts.

Whilst record companies claim to be reinventing their business models to align themselves more closely with the artists' interests⁷, many argue that these developments render the traditional record company obsolete, though to date there are few examples of debut artists who have had mainstream success launching themselves. Where it has happened⁸, artists generally then want to take advantage of the promotion and distribution strength of the major record companies, especially internationally. Nevertheless, new media and technologies have created a growing output of musical and artistic expression which was arguably not fully accommodated, either in diversity or volume, by the traditional processes and resources of the music industry. As a consequence of these and other transformational changes, and the tangential growth possibilities, investors, regulators and governments have also become more active and vocal. Therefore, there are now many more stakeholders who have an interest in

⁷ The so-called '360 degree' deal whereby advances are made against all of the artist's rights and revenues, including live concerts, sponsorship and merchandising

⁸ The Arctic Monkeys are an example, though it is debatable how deliberately they planned their own promotion, which was widely attributed to the self-organizing enthusiasm and communications of their fans.

2. The research problem in industry context

the way in which the music business might evolve than there were 10 years ago. As a consequence, the power relations amongst them are more complex.

3. Literature review

3.1 The context of the cultural economy

Following Pierre Bourdieu (1993) or Raymond Williams (1961), culture can be defined in the widest sense as referring to a whole way of life of a social group, in which case all industries can be seen as contributing to, and reflective of, culture. Many of the themes of these and other sociological writers on culture are insightful and relevant to this research, but for practical purposes I find a narrower definition of the cultural industries more helpful. Hesmondhalgh (2002) refers to cultural industries as those centrally concerned with the production and dissemination of ‘texts’, which, in his view, is the ‘best collective name for cultural works of all kinds’ including programmes, films, recordings, books, comics, images, newspapers, games, ..etc. (p.2)

If cultural industries attract more sociological attention than their economically-measured size would otherwise suggest, it could be because of their primary concern with the production of social meaning. Compared with the largely functional aims of most other industries, the cultural industries have a greater influence on our understanding of the world. This leads to a kind of anxiety, expressed as a paradox where the ‘higher’ aims of art or of cultural pursuits are perceived as being independent of, even antithetical to, the economic motives of industry. The extent to which cultural processes and creativity become appropriated, debased and commodified by capitalism and politics were the critical concerns of the Frankfurt School, notably Adorno and Horkheimer (1979). Amongst others, Miede (1989) moderated this cultural pessimism, balancing it with arguments regarding the diversity and innovation which industrialization can support, and concluding that cultural industries are complex and contested, and do not lend themselves to simple assessment and explanation. Compared with the concerns that everyday culture becomes colonized by economic values, this view would take a more pluralistic view towards consumers having greater participation in the cultural economy. Either way, management research would do well to recognize the overlapping boundaries.

Research approaches to the cultural industries are described by Hesmondhalgh (2002 pp 27-35) as falling into three broad categories: cultural economics, liberal-pluralist communication studies, and critical political economy. Cultural economics, based in the neoclassical economic tradition, equates wellbeing with the ability to maximize human satisfaction, and is consequently limited to presumptions rather than explorations of what constitutes 'satisfaction', thereby largely excluding the contested questions of less measurable goals such as ethics and justice. Liberal-pluralist communication studies have addressed this omission by focusing on how cultural industries affect democratic processes and public life, though they tend to have a rather optimistic notion of society as a level playing field where different interest groups fight for their interests, with freedom of information and democratic procedure being the most important goals. The third approach is labelled critical political economy and is more concerned with analysing power in relation to cultural production. In addition to challenging the lack of ethical perspective in the neo-classical paradigm, Golding and Murdock (2000 pp 72-3) cited in Hesmondhalgh (2002 p.31) suggest three other distinctions of the political economy approach:

- it is holistic, with political, social and cultural life being interrelated
- it is historical, being interested in changes over time in the roles played by states, corporations and the media
- it is concerned with the balance between private enterprise and public intervention

The extent to which culture produced and consumed under capitalism perpetuates inequalities by serving the interests of the wealthy and powerful, leads Hesmondhalgh to make a further distinction within the political economy approach between American and European traditions. The former tends to inhabit a macro-domain of power strategies and is characterized by its aims of unmasking the growth in wealth and power of the cultural industries and their political and business alliances. Writers such as Herbert Schiller, Noam Chomsky and Robert McChesney are examples of this tradition, often dismissed by its critics as conspiracy theory. By contrast, the European tradition is less targeted in its focus, playing down the polarities of power positions and accommodating the complex, contested and

contradictory forces within the systems of cultural production (Hesmondhalgh 2002 pp 32-35).

The European approach is better aligned with this research. Even though this tradition is more interested in the organizational dynamics of cultural production than its American cousin, there has been, according to Hesmondhalgh, a lack of empirical attention to what happens in the cultural industry organizations themselves. Lawrence and Phillips (2002) also refer to a neglect of cultural production as a serious object of management research, despite the existence of a widespread interest in the economic, social, and political aspects of the cultural industries. Even where it has been investigated, they argue, ‘the distinctive characteristics and dynamics of cultural industries have largely eluded the traditional research approaches adopted, and as a result, the unique dynamics of cultural production remain largely uninvestigated’ (p.430). Four years later, Lampel et al. (2006) describe management research on cultural industries as being ‘still in its infancy’(p.299).

It is not feasible to cover, even in summary form, the literature of all the possible contexts from which it may be valuable for the research to draw, but the following two areas, intellectual property and ‘convergence’, are worthy of mentioning in advance as indicators of the discursive landscape. The former is a mature and deeply socially embedded discourse which for many represents a self-evident truth regarding how economic life should be organized. The latter is, by contrast, a precocious discourse which claims to describe certain phenomena regarding media and technology. Both are common themes in the journals of law, technology and media, but are relatively rare as direct topics of management science journals. They are of relevance to this research because, as we shall see, they are highly contested and discursively manipulated concepts.

3.1.1 Intellectual property

The most explicit measures of power relations within the cultural industries are found within copyright law relating to intellectual property rights. In neo-classical economic terms, copyright acts as a reward system. It provides an economic incentive for creators and, through legal protection of rights, creates an artificial scarcity for public goods, i.e. goods whose value is not diminished through consumption. Copyright is rooted in a discourse of intellectual property and capitalism which dates back so far as to be institutionally embedded, and opening up any radical discussion of it is disruptive and highly sensitive. Behind the apparently straightforward principle of copyright there are layers of complexity, where the scope of exploitation and protection of rights, and of the distribution of rewards, is negotiated between competing and collaborating interests. Some of the reward rates are determined by law and others by the forces of supply and demand and the requirements of investment return.

It has been argued (e.g. Miede, 1989) that the permanent oversupply of creative workers means that they bear the unrecognized costs of conception by being willing to forego the benefits of secure working conditions. This phenomenon tends to be obscured by the fact that very generous rewards are available for 'star' artists who achieve public recognition and a loyal following. The greater negotiating power afforded by a star artist's scarcity value has meant that a greater proportion of the risks and costs are borne by producing companies. In both the music and film industries, star culture can be traced back more than half a century and has shaped the economic portfolio model. Much of the economic justification of the product pricing and division of rewards in the music industry is based on the portfolio approach. This means that most new artists receive a level of investment which allows them a chance of stardom. But as star creation is not a precise science, the 'hit-rate' for stars is low. As a result, companies lose money on the majority of new investments. High margins are thus required on the minority which are successful in order to finance continuing high-risk investment in new artists. The degree to which this portfolio model represents a just and meritocratic process based on universal natural or human phenomena, as opposed to being heavily subject to inequitable control by the powerful and wealthy, is highly contested.

In the pre-internet era, the dominant discourse of copyright was not fundamentally challenged, with a consequent dearth of academic literature relevant to the research problem. Large scale unauthorized copying of music for profit was criminalized in most of the world, even if some less-developed countries made little attempt to enforce the law. The advent of the cassette tape in the 1970s led to the common practice of ‘home-taping’. This looked threatening for a while and led to the imposition of a levy on the production of blank cassettes. Yet, despite these concerns, the alternative portable medium of the pre-recorded cassette had a net incremental, rather than cannibalizing, impact on the music industry. Though it was not formally and universally legitimized, home-taping, and the exchanges between friends and family it spawned, were tolerated by the industry as ‘fair use’ in the hope that, for every sale lost through copying, another was gained through promotion and engagement with the music shared.

This stability was seriously disrupted when home taping evolved to ‘digital’ and took on quite another scale and dimension: first with the widespread functionality of CD copying (‘ripping and burning’) on home PCs, and then with the proliferation through internet file-sharing. File-sharing was brought to public attention via Napster, but subsequently migrated to other services which still cleverly avoid attempts by the music industry to stamp out the practice. Consumer research in this area is complex, but it indicates that the growth of unauthorized music-sharing, combined with the decline of the authorized music market, result in music now being acquired illegally to a greater extent than it is paid for⁹. The music industry’s first, and to a large extent continuing, strategic reaction was actively to exercise its rights through practices of protection and prohibition, consistent with the prevailing discourse of intellectual property. At the same time, governments were lobbied for more protection in statute against things which copyright law could not have anticipated in a pre-internet age. The industry is accused of lacking strategic imagination in not exploring the shifting consumer values with regard to music and music-related experiences. The unpopularity of their responses has provoked much media attention, leading to alternative discourses which question the propriety of copyright law and practice in the digital age. In

⁹ Based on research commissioned by EMI; also supported by reports from the IFPI (www.ifpi.org).

response to corporations acting as if they have the law on their side, a more public consumer view invokes a collective moral authority drawing from a discourse of social justice. Rather than aiming for coverage of all views on this widely discussed topic, I will just refer to two examples of sources which have generated much heat in the ongoing debate.

The first is the output of Lawrence Lessig, a Stanford law professor and vocal opponent of large media companies. His 'Code: And Other Laws of Cyberspace' (1999) maintained that entrenched commercial interests meant that the internet was fast becoming tightly regulated, even hegemonic, thereby constraining its innovative potential. His focus is not so much on copying and file-sharing, as on what he sees as the unnecessary restrictions on the usage of copyright material by consumers and creators in their own endeavours. His observation that the law has been re-written so that 'no-one can do to the Disney Corporation what Walt Disney did to the Brothers Grimm' (Lessig, 2002) is widely quoted. In his explicitly titled *Free culture: how big media uses technology and the law to lock down culture and control creativity* (2004), he expounds his alternative copyright system of Creative Commons (www.creativecommons.org). Creative Commons offers creators a flexible alternative to the traditional 'all rights reserved' by a licensing mechanism of only 'some rights reserved'. The irony implicit in Lessig's argument is that the old system, which was originally designed to promote culture and creativity, has become, through corporate protectionism, unnecessarily restrictive and now stands as an obstacle to the creative possibilities of new media and technologies. The literature both in support of, and in opposition to, Lessig's views provides valuable insights to the current views of culture and the economy, especially in the USA.

The second example of a rich source of competing discourses, with a UK and European perspective, is the Gowers Review of Intellectual Property (2006), commissioned by the Chancellor of the Exchequer. Not only the report itself, but also the hundreds of responses from individuals and organizations solicited in the call for evidence, as well as other public policy documents¹⁰ and the press coverage, together provide a comprehensive body of material documenting the competing discourses which roam freely across culture, politics,

¹⁰ E.g. 2006 reports from the Institute for Public Policy Research, and the Centre for Intellectual Property and Information Law.

business, economics, and social justice. Though broad in scope, the review drew most media interest around the single question of whether the copyright term in sound recordings should be extended from 50 to 95 years, a question of imminent economic importance for record companies, whose catalogue value is sustained by recordings from the 1960s. The arguments were long and complex. The popular media debate became polarized around whether ageing rock stars should have their already considerable wealth extended, or whether a majority of less commercially successful, and often impoverished, artists and performers deserved a ‘pension’, especially now that their works were being rediscovered due the ‘long-tail’ (Anderson, 2004)¹¹ effect of the internet. The music industry expected to win the extension of copyright term until the media sensationalized a conflict of interest created by British Prime Minister Tony Blair holidaying at the Barbados villa of Cliff Richard, one of the artists actively lobbying for the extension. When I interviewed the government minister for intellectual property for this research, he indicated that there is now no appetite for extending the term. Since then, the European commissioner for the internal market has taken up the cause of the music industry and is now actively lobbying for extension at the European level, and in December 2008 the UK culture secretary spoke in support of some form of extension to 70 years (Burnham, 2008).

As copyright extension moves up and down the UK political agenda, it has been joined by another intellectual property dilemma for the government: whether to intervene in the capitalist versus liberal-pluralist fight between music companies and internet service providers over the ‘safe-harbour’ or ‘mere conduit’ provisions which protect the latter from the illegality of their users’ activities. France is being watched closely, as the French prime minister very publicly supported the controversial initiative whereby persistent downloaders will have their internet connections cut off. The UK government may be less inclined to prioritize cultural protection over such curtailment of civil liberties. Its latest position is sensitive to public opinion in that it states that it will legislate only if the relevant parties cannot come to a satisfactory solution on their own (BERR, 2008a).

¹¹ The ‘long tail’ is a term coined by Chris Anderson and refers to the opportunity provided by the internet to make available online less popular material which is not economically viable via physical retail.

These are examples of how sensitive the formation of policy can be to discourses played out through the public domain. A practical business illustration of the negotiated quality of seemingly firm principles can be seen in the changing position of at least one of the major record companies in its attitude towards protection of its content¹². Until early 2007, EMI was one of the most vocal proponents of copy protection on its CDs and on the absolute priority of enforcing usage-restricting digital rights management (DRM) software on its digital products. In doing so, it invoked deep-rooted principles from a discourse of intellectual property to claim authority for the policing of rights and the fulfilment of a fiduciary duty to its artists. Below board level, internal conversations which explored the pros and cons of relaxing or reversing these policies were taboo. Yet in April 2007, EMI reversed its position when it was the first company to announce a deal with Apple to sell digital files in open mp3 format on iTunes, which means that they are unprotected and can be freely copied and transferred. This topic had been cleverly fuelled by Apple CEO Steve Jobs (2007), and the debate-cum-negotiation was played out in the public domain via mainstream media and the ‘blogosphere’. The reversal in policy was not brought about by any radically new discovery or argument on either side of this debate. What did change was, firstly, the way in which alternative discourses gained momentum in the public domain and, secondly, the power relations between those with an interest in the policy. At the time, EMI was secretly for sale and desperately wanted to be perceived as a strategic first-mover. Apple needed to make a concession to divert attention from the French government’s attempt to force interoperability on the ‘closed’ technology of the iPod. This EMI-Apple announcement was a mutually beneficial but isolated tactic in an otherwise difficult relationship between Apple and the music industry.

Whilst these two examples do not represent the full scope of issues of intellectual property, they contain within them most of the competing discourses on the topic. The capitalism versus liberal-pluralism arguments in this debate also drew from a discourse of technological determinism and convergence as described below.

¹² This interpretation is based on my role as former Senior Vice President of Corporate Development at EMI Group plc.

3.1.2 Convergence

In contrast to the maturity of discourses of intellectual property, the concept of media and technology convergence could be regarded as precocious. Ithiel de Sola Pool's *Technologies of Freedom* (1983) was one of the first books to refer to convergence as the erosion of the one-to-one relationship between a medium and its use, and to identify it as a force for change in the media industries. Since then, the term has been widely used to describe, explain, and justify strategy, change, and policy-making across the technology, media and cultural industries. However, the term is used so broadly that some definition is required. Graham Murdock (2000) breaks the word down into three different usages:

- convergence of *cultural forms* refers to the concept previously known as multimedia where the various components of cultural expression (visual, audio, text, graphics) are brought together in one place, usually with the consumer's ability to have some element of interactivity with the content.
- convergence of *corporate ownership* is evidenced by the mergers, acquisitions and alliances across the industries of broadcasting, computing, and telecommunications.
- convergence of *communication systems* is in some ways parallel to that of corporate ownership, but refers to the overlapping media and technology through which information and content are consumed and shared in flexible, optional ways; e.g. television, radio, newspapers, books and magazines, music, games, photos and videos, all of which can be consumed and shared on home PCs and portable devices and delivered via the internet, mobile phones, or cable and satellite networks.

Pre-millennium hype around convergence led to what Henry Jenkins (2006) has called 'the black box fallacy' (p.13) whereby all devices will converge, and media will be consumed via one integrated piece of hardware. This has not occurred, so far, and in fact there has been a proliferation of competing technologies in consumer electronics devices and content delivery

services, especially across television, music, games and mobile communications. Jenkins argues that it is the cultural protocols, rather than the technology, which are the most interesting part of the changes occurring as we move away from the dominance of ‘top-down corporate media’ towards ‘bottom-up participatory culture’ (p. 243). One reason for this is that the possibilities arising from technology and new media have opened up opportunities to accommodate consumer preference and personalization on a grand scale, releasing the processes of content creation and delivery from their previously restricted media. In this sense, ‘divergence’ would be a better term to describe the phenomena in question. Jenkins shares with Pierre Levy (1997) an optimistic view of this emerging participatory power as serving as a strong corrective to traditional sources of power, though he balances the democratizing rhetoric with the alternative view that media industries are embracing convergence strategies because (p. 243):

- they exploit the advantage of media conglomeration
- they provide multiple ways of selling content
- they cement consumer loyalty at a time when fragmentation and sharing is threatening the old ways of doing business
- they have the potential to shape consumer behaviour

Murdock and Golding (1999) also refer to the prevailing rhetoric of convergence, but focus on its construction as an inevitable technological phenomenon which proclaims itself to be ‘self-evidently desirable and universally beneficial’ (p.120). They argue that, far from being an inherent logic, the discourse of technological inevitability is promoted by corporations to ‘provide plausible justifications’ for non-intervention by governments and for the continuing liberalization of regulatory regimes and marketization of the communication sector. Hesmondhalgh (2002) refers to the 1996 US Telecommunications Act as an example of the crucial policy decisions made in the late 1990s which treat the notion of convergence as inevitable. This teleological dimension of convergence, or what can also be referred to as ‘technological determinism’, is investigated by Leonardi and Jackson (2004) with reference to two US high profile media mergers: Qwest/US West and AOL/Time Warner. They illustrate how these controversial strategies which concentrate media power were managed in

the public domain by the promotion of a discourse of inevitable and natural scientific progress. Discursive closure, meaning the techniques by which alternative discourses are suppressed or discredited, implicitly constructed any opposition to the mergers as conservative efforts which, as history indicates, were doomed to fail. Leonardi and Jackson's study is a good example of how a discourse-based approach can generate insights on the political elements of strategic processes.

There are many examples of the power of a teleological discourse in the music business. One of the most significant is the perceived inevitability of the digital revolution and the phenomenon of peer-to-peer file sharing. Spitz and Hunter's (2005) *Contested Codes: The Social Construction of Napster* examines how and why certain assumptions about Napster have gained greater currency than others, notably the dominant interpretation of an atomized portrayal of Napster's arrival as a 'one-time heroic event' (p.178), performed by its 'inventor' Shawn Fanning. They argue that this depiction oversimplifies the contested properties of the technology and the social processes which led to Napster being used as an organizing principle to build consensus and momentum within a culture already attached to certain values and practices. Analysing legal, economic, social and cultural discourse, including Al Gore's appropriation of the technology and his appeal to Napster users as part of his presidential bid, they conclude that Napster is better conceptualized as an ongoing discursive encounter between, rather than an accomplishment of, inventors, institutions and interests.

A similar theme is evident in Timothy Dowd's *From 78s to MP3s* (2006) which explores the differences between 'atomized' and 'embedded' depictions of technology-influenced transformation in industry. The atomized approach resonates with the technological determinism referred to above in reference to the discursive construction of convergence. However, Dowd finds embedded depictions, which reject universal laws and focus on contextual and contingent factors, more convincing, and he uses the changing formats of recorded music consumption to argue that technology has not been the sole, or even dominant, impetus behind change.

Until a better term comes along, 'convergence' will continue to be a useful construct which will attract large amounts of industry research and media interest. From an academic point of view, its value for this research is primarily in the way the construct is used to promote or discredit particular positions in the formulation of strategies.

Having located the research problem in the literature of the cultural economy, I now move to place it within the research concerns of organizational studies.

3.2 Location of the research problem within the strategy literature

My research interest in strategy stems from my professional experiences in the recorded music industry. The major record companies have struggled to formulate and articulate, both internally and externally, strategic responses to their changing environment, not least because of the complexity, inconsistency, and uncertainty of consumer and market research output. At EMI for example, strategy formulation was a problematic process, with consecutive strategy heads being replaced twice in less than two years prior to the CEO resuming direct responsibility for the function. I was responsible for a team of researchers and analysts who supported the strategic development processes of the recorded music and publishing divisions, and in the year prior to the sale of the company I was directly involved in the presentation of strategy to the board. As my experiences and observations were not entirely consistent with my knowledge of strategic theory as found in management textbooks, I used the opportunity of the research to explore more phenomenological and behavioural literature on strategic process. The results of that exploration and their relevance to the research approach are outlined below.

3.2.1 The contested domain of strategy

Strategy n....the art of a commander in chief; ...the art or skill of careful planning towards an advantage or a desired end...

A notable element of this OED definition is the repetition of the word ‘art’, which may provide an explanation of why, after decades of attempting to legitimize strategy both as a science and a profession, there are still widely divergent views of what it is, and in particular what strategists actually do. With reference to the literature, Hendry (2000) lists the following diverse characterizations of strategy:

A text or document; a set of ideas; ambitions or intentions; shared cognitive schema; an analytical process; a management process; a sequence of investments; a pattern of events; a pattern of products and markets; a set of relationships. (p. 969)

When strategy can be alternatively an idea, an object or a procedure, it is not surprising that attempts to capture its essence can lead to Balogun et al's (2003) definition as 'what is done and what is not done' (p.199). Whilst logical, this definition is not practically helpful. It is too broadly inclusive, making it synonymous with 'management' and illustrative of the kind of non-committal mystique which surrounds strategy and suggests involvement in everything, and responsibility for nothing.

Many authors see strategy as an ongoing activity rather than an output; a verb rather than a noun (Weick, 2001, Chia, 1995, Jarzabkowski et al., 2007, Pettigrew, 1992, Johnson et al., 2003). Following that view, I propose a definition where strategy is, in one form or another:

*any activity involving the perception of **change**, whether experienced or anticipated, whether desired or feared, and the consequent formulation and articulation of a **response** to such change.*

The response may be to do nothing. Thus, logically, staying the same could be described as a strategy, though in my experience, one with which few strategy consultants would be comfortable. As alluded to earlier in the context of the recorded music industry pre-1999, where 'staying the same' extends over many years, such a strategy can remove the need to have a strategist as a formally and explicitly described member of the executive team.

Breaking down my definition of strategy into two components, *perception of change* and *formulation of response*, there is a mountain of literature on the latter, but relatively little on the former; i.e. the question of the constitution of the change problem itself: *how* and *by whom* are relevant changes perceived, identified, investigated, defined and prioritized? This imbalance suggests that the perception and selection of changes which challenge organizations, usually articulated as threats and opportunities, are relatively uncontested, and that the majority of the intellectual debate surrounds the strategic responses. Such an inference is problematic and ignores the question of whether the opportunities and threats facing the organization are constructed *independently* of the strategic process. Pettigrew (1977) raised the political agenda questions of which dilemmas to promote and which to

suppress, who promotes them, how do they generate demand for their view and mobilize power to support it? Knights and Morgan (1991) went further in suggesting that strategy tends to constitute only those change problems which it proposes to solve from within its own pre-defined repertoire of strategic discourse.

By way of background to this distinction between the cognitive aspects of change (the perceived need for strategy) and the associated response (the formulation of strategy), it is helpful to start by looking at the two broadly alternative academic positions on strategy. These categorizations are highly generic simplifications in the bi-polar tradition of social and management science (Pettigrew, 2001) and I am conscious that such a dichotomous approach can deceive as well as clarify. The first position, which may be called rational (Hendry, 2000), is characterized by the orthodoxy generated by much of the literature in which strategy is perceived as a set of rational and largely prescriptive economic techniques for identifying strategic choices and making decisions in a complex and changing, but essentially objective and knowable, external environment (Ansoff, 1965, Schendel and Hofer, 1979, Porter, 1985, Porter, 1980). The alternative position, or group of positions, is the challenge to this rational-intentional orthodoxy by those who accept the limitations and biases of human endeavours in pursuit of the rational (Simon, 1957, Cyert and March, 1963, Mintzberg, 1994, Pettigrew, 1992). In an unknowable and largely socially constructed world, the focus is more on the cognitive, contextual, process, and political nature of strategy practices. These may be categorized as 'action', 'learning' or 'interpretive' perspectives. Through conceptualization of strategy as an emergent social process, these alternative positions contribute to an understanding of the limitations of the rational approach. Emphasis on the primacy of strategic choice and decision-making may lead to only a partial and disconnected understanding of the larger social process of strategy, which often fails to take into account that strategizing occurs both before and after strategic choices are formulated and decisions made.

A number of scholars have documented the broad scope of the field of strategy. Mintzberg et al.'s (1998) *Strategy Safari* critically traces the evolution of 10 prescriptive and descriptive schools of strategy over the past half century. De Wit and Meyer's (2005) *Strategy Synthesis*

takes a more dialectical approach to the taxonomy of strategy, highlighting the most common paradoxes or debates within the field. Both illustrate the ambition and range of the field, which is to determine the how, what, where, when and why of thinking and acting with reference to organizational goals. As I will illustrate later, my interest is more narrowly focused on the cognitive aspects of strategizing. By ‘cognitive’, I refer to my interest in the process of how people come to feel they know things, and how such processes, and the sense produced therefrom, can both provide and limit available courses of action. In this context, the research explores the competing perceptions and sensemaking narratives surrounding the threats and opportunities which face an organization and which reproduce particular constructs of the industrial world and of cultural production. This area of focus stems from my perception that important cognitive questions raised in the strategy field, such as the concept of ‘dominant logic’ (Prahalad and Bettis, 1986) and the concern of the ‘upper echelon’ theorists with the link between strategic choices and executive values (Hambrick and Mason, 1984), have struggled to develop convincing empirical research methods to capture the varying value structures and cognitions of strategic actors. In this regard, I aim to address Mintzberg’s (1998) concern that the cognitive school is ‘more characterized by its potential than its contribution’ (p.172) by proposing how a discourse-based approach can make such a contribution.

3.2.2 The practice turn

Johnson et al. (2003) assert that the field of strategy has traditionally concentrated on the macro-level of organizations and would benefit from a focus on more micro-levels of detailed day-to-day practices which constitute organizational life. Whilst this might look like unqualified support for the process school, they are more concerned with its limitations. Crediting the processualists with ‘irrevocably opening up the black-box’ of the organization, ‘humanizing’ the field and legitimizing small sample in-depth studies, Johnson et al. (2003, pp 9-12) feel that the school has not gone far enough, and they raise important issues which remain unaddressed, notably:

- over-reliance on second-hand retrospective reports of organization level activity has left open the question of the practical activity of those who actually constitute the process,
- reluctance to query the role of managerial agency misses the risk that managers are so absorbed in their belief systems that their possibilities for action are constrained,
- the isolation of process from content has led to the neglect of content, limiting the insights for practitioners through explicit links to strategy outcomes,
- countering the generalizing tendency of positivist schools, the process tradition gets so caught-up in the rich thick descriptions of particular situations that it misses opportunities to establish patterns and build theories for wider use.

As well as critiquing the process tradition, Johnson et al. (2003) illustrate how their activity-based micro-strategizing contributes to theory, using two examples. The first is institutional theory, whereby organizations exhibit isomorphic tendencies and seek legitimacy rather than strategic differentiation. The research tendency has, as DiMaggio and Powell (1983) and (1991) suggest, been towards macro to micro-level effects, which is not altogether consistent with the negotiated, socially-constructed characteristics of institutions, nor with the phenomenon of shared sensemaking which informs much of institutional theory. Here, Johnson et al. see a potential to undertake empirical work which links institutional theory with the literature of sensemaking. The second area of contribution to theory they claim is with regard to the resource-based view which is critiqued as also favouring the macro-level, with large-scale statistical studies being the dominant form of research. This approach fails to investigate how valuable resources are built and how they generate superior returns. Nor does it distinguish between those resources that managers can practically manipulate and those beyond their control (Priem and Butler, 2001).

The need for a micro perspective is also, it is claimed by Johnson et al. (2003), based on a 'pull' from practice. They refer to the effect which rapidly opening markets, mobility of labour and abundance of information have on the increasing tradability of resources, and the

consequently increased risks which organizations face from lower obstacles to market entry and strategic imitation. The consequences, they say, are clear: ‘sustainable advantage must lie in micro assets that are hard to discern and awkward to trade’ (p.4). Furthermore, they argue that the speed, surprise and innovation required by a hypercompetitive environment mean that strategy formulation is both more frequent, less centralized and more dispersed amongst more actors than before. These developments are more accessible to the micro-activity approach, which is more likely to yield relevant and pragmatic insights to managers. The cultural industries, and in particular the processes of talent discovery, development and promotion, are good examples of activities where skills can be hard to discern and tradable value awkward to create, and therefore lend themselves to a practice approach.

Johnson et al.’s (2003) position has contributed to the development of the strategy-as-practice movement (www.strategy-as-practice.org). Advocates of this movement continue to express dissatisfaction at the influence of top-down processes and prescriptive frameworks based on a micro-economic model applied to organizations and markets at the macro-level. In their introduction to the *Human Relations* special issue on strategy, Jarzabkowski et al. (2007) refer to the practice turn in the social sciences as a way to understand human agency in the construction and enactment of strategy. They argue that the practice field is less characterized by what theory is adopted than what problem is explained. Indeed, the field does not require new theories, they say, but can draw upon a range of existing theories to advance explanations of how strategy is accomplished. The available theoretical resources cover both strategy-specific theories such as the resource-based view, dynamic capabilities, knowledge-based view, and budgeting theory, as well as broader organizational theories of sense-making, cognition, culture, power, narrative and discourse. Against this diverse meta-theoretical back-drop, which includes sociology, social psychology, anthropology and linguistics, the practice turn is best understood as analysing what happens at the nexus between practitioners, practices and praxis. The latter comprises the ‘interconnection between the actions of different, dispersed individuals and groups and those socially, politically, and economically embedded institutions within which individuals act and to which they contribute’ (p.9). Whilst they refer to the impressive empirical progress of the nascent strategy-as-practice field, Jarzabkowski et al. (2007) make the following

recommendations for research, based on gaps which, if filled, could usefully contribute to the strategy-as-practice agenda:

- more examination of how those outside the firm (e.g. consultants, regulators, shareholders, consumers) shape strategy,
- exploration of who strategists are, with a broader definition of the scope of who can be included and how they impact praxis,
- more analysis of cognitive, interpretative and discursive practices of practitioners, especially with regard to their identities, motivations and emotions,
- innovation in the design of methodological frames to support theoretical and meta-theoretical diversity

Both the micro-strategizing activity-based model and the practitioner-praxis-practices model propose grounding research in practice and selecting whichever methods and paradigms can add insights to the practices being observed. This diversity differs significantly from earlier authors on strategy, who implied that there is one best way to strategize. But, having illustrated developments in the literature which throw wide open the possibilities for research design, I now refocus my approach on one, albeit large, element of such developments, sometimes referred to as the linguistic turn in organizational studies.

3.2.3 The linguistic turn

The statement that individuals see the world in different ways does not attract controversy. The world is big and complex and, despite our best endeavours, our apprehensions of it are filtered and coloured by biases arising from the subjectivities of our experiences and the limitations of our mental processing abilities. This view might suggest that, however inaccessible it may be, there is an unfiltered, uncoloured, objective knowable reality. An

alternative view is that the world (or at least that social part of it constructed by humans), does not exist in any real, objective, independent sense. Individual and collective descriptions of the world are not representations of an objective reality, but negotiated and useful constructions of a shared reality which is fluid, contested, and subject to continuous change. In this social constructionist view, language does not play a simple (or even complex) instrumental role in *representing* social reality; language actually *constructs* reality. In the context of organizational science, this view is expressed by Westwood and Linstead (2001):

organization has no autonomous stable or structural status outside of the text that constitutes it (p.4).

It is not within the scope of this thesis to articulate at length the epistemological and ontological arguments between realists and social constructionists, though some social science academics might argue that this is the only debate worth having. What is of relevance for this research is that social constructionism offers methodological solutions which, despite having matured into the mainstream of other social sciences, are still on the contested fringe of management science. At best, social constructionism provides the basis for abstract and conceptual critique of the traditional schools, but rarely finds expression in the mainstream literature of management education. A reason for the continuing practitioner preference for the traditional schools is suggested by Hendry (2000), who contends that neither the action perspective nor the interpretative perspective offer anything to replace the practical and accessible tools offered by the traditional rational strategic choice perspective. To remedy this, he develops an integrated conceptualization of strategic process as:

an organizational **discourse** or body of language-based communications that operates both at the structural and communicative levels [...] This strategic discourse is not only the medium in which decisions are discussed and recorded, but also the medium through which interpretations are developed and expressed and strategic actions initiated, authorized and acknowledged. (p.957)

Hendry (2000) goes on to conclude that simply making strategic decisions and announcing them is not sufficient. Decisions take their meaning from the social practice which itself is located in discourse. Therefore, to be effective, decisions must be 're-communicated [...]

refined and adapted through dialogue so as to meet the ever-changing needs of different actors and different circumstances' (p. 973).

The role of language is not new in studies of strategy and change, though it has tended to refer to general elements such as the power of linguistic techniques (e.g. metaphor and rhetoric) in the symbolic management of meanings (Pettigrew, 1977, Marshak, 1993). In this sense, the view has broadly been of language as a tool for management of strategy or change. By contrast, alternative research approaches don't just view language as a controllable rhetorical resource at the conscious disposal of organizational actors, but rather as an empirical resource for researchers. It is indicative of cognitions, values and social constructs, the detailed study of which can yield behavioural insights into the sociological and psychological phenomena of individuals and institutions.

From the 1980's, social psychologists began to accept a 'turn to language' as a challenge to assumptions about the relationship between language and representation (Potter and Wetherell, 1987). Epistemological challenges and difficulties in practical application of clear methods and models have meant that organizational science has been more reluctant than other social sciences to embrace a social constructionist approach to language analysis as a reliable methodology. Even so, over the last two decades, mainstream theories and methodologies underpinning organizational studies have struggled to articulate the increasingly complex processes and practices that constitute organizational life, leading academics to seek alternative methods. One outcome of this search is that organizational discourse has emerged as a significant focus of interest in management and organizational journals (Grant et al., 2004). Despite this interest, a search on relevant keywords suggests that discourse has not yet caught the imagination of the editorial boards of many worthy journals concerned with strategy, most notably the *Strategic Management Journal*. The *Academy of Management Review* has been more open than most of the top management journals to a social constructionist epistemology, but even its articles have been predominantly conceptual rather than offering concrete proposals for research and practice.

By way of background to my research design, I summarize below some relevant examples from the organizational discourse literature as they relate to strategy specifically. The foci are: corporate rhetoric, narrative, sense-making, and critical discourse analysis.

Rhetoric

Cheney et al. (2004) present a view of corporate rhetoric in which, consistent with theories of autopoiesis (Maturana and Varela, 1980), organizations can be seen as organic self-reproducing systems interacting with their surroundings, recreating themselves following their primary goal of survival. Corporate speeches, mission statements, brand campaigns and market strategies have been shown to be rhetorical devices in the classical persuasive tradition. As a consequence, organizations confirm themselves to internal as well as external audiences. This self-identifying and self protective behaviour is complex and risky, with organizations often getting caught out by their own persuasive intent, indicating that the strategic impact of rhetoric is not necessarily strictly rational or within the control of the organization. Cheney et al's overview is an excellent illustration of the empirical potential of studies of corporate rhetoric, but they draw attention to elements of process which often get overlooked in favour of analysing the output. These include the need to explore in greater depth the complex aspects of agency and, more specifically, the roles, identities, power relations and ethics involved in the creation and legitimation of strategic rhetoric.

Narrative

Accepting Boje's (1991) hypothesis that 'story-telling is the preferred sensemaking currency of human relationships among internal and external stakeholders' (p.106), Barry and Elmes (1997) add: 'then surely strategy must rank as one of the most prominent, influential, and costly stories told in organizations.' (p.430). Their paper explores strategic management as a form of fiction, not in the sense of being false, but of being made-up. Unlike traditional strategizing, which is about fit, prediction and competition, the narrative view is about direction. The strategist-storyteller can choose from a vast array of characterizations, plot lines and themes to explain where or how an organization 'is', how it came to be there, where it might be going and what or who it might encounter on the way. In this exercise, they can attribute many things including motive, blame, credit, cause, agency and significance, using

various techniques outlined by Gabriel (2004) as framing, focusing, filtering, fading, fusing and fitting. Drawing from the Russian Formalist circle, especially Victor Shklovsky, Barry and Elmes focus on just two fundamental elements of narrative technique: credibility and defamiliarization (or novelty). Strategy has traditionally concentrated on the former, establishing credibility primarily through the narrative devices of:

- materiality: endowing strategic constructs with the physicality of media-enhanced documents and presentations,
- voice: an independent third-party narration style, and the depersonalization of protagonists and antagonists in order to maximize the impression of objectivity and generalizability,
- ordering and plots: traditionally dominated by the hero's journey, for example using Andrews' (1971) 'SWOT' analysis: overcoming weakness, battling with threats, and using strengths to exploit opportunities,
- readership: author, text and readers have a dynamic inter-relationship in narrative meaning. Through codes, acronyms and economic science, strategy practitioners have created a passive, homogenous and exclusive readership.

In contrast to credibility, which benefits from a sense of permanence and timelessness, defamiliarization requires that narratives must not become stale or tired. Thus, strategy is constantly struggling to reinvent itself before its shelf-life expires; not necessarily in any evolutionary sense of progressive improvement, but because tastes and preferences change amongst organizational stakeholders, and in society at large. Dominant business culture assumes rapid progress and change, and tends to attach a high premium to 'latest thinking'. Discourses born of the internet, globalization, and environmental concerns are just three examples of why strategy has to adapt its narratives to remain fresh, even if the underlying principles sometimes remain the same. New plots and characters are rare, but strategists can

vary the weight in certain themes or characters; for example, shifting the role of central antagonist from competitors to disruptive technologies or regulators.

Anticipating future trends in strategy, Barry and Elmes (1997) note the way in which organizational monologues are increasingly likely to move away from the individualism of top-down centralized autocrats towards more polyphonic narratives which ‘can cope with blurred organizational boundaries, dispersed intelligibilities, diverse realities, disrupted chains of authority and the erosion of organizational autonomy’ (p.442). This is consistent with Boje’s work on the plurivocal theory of competing organizational discourses at Disney (Boje, 1995). Bakhtin’s (1984) contribution to the theme of polyphony is also relevant, indicating that the role of future strategic authors will be less about unilaterally articulating an ‘answer’ and more about listening, identifying and legitimizing differing organizational stories which can be collectively understood through dialogue. In a more rapidly changing world, defamiliarization will thus become the more dominant narrative feature, undermining much of the credibility focus of earlier strategic narratives. Organizations will be less focused on agency, and more on communitarian features of increased interdependence, and, in preferences for strategic protagonists, the warrior, hero, or sage will give way to the humanist, teacher or ecologist.

Interest in narrative has grown in the last decade and has contributed to virtually all fields of organizational research and especially to strategy and leadership (Downing, 1999, Parry and Hansen, 2006). Gabriel (2004) provides a more recent overview of the field, concluding with the precarious nature of narratives as sensemaking devices and arguing that they may equally serve to emancipate and enlighten as to oppress and exploit. He urges researchers to adopt a critical approach in disentangling, testing and qualifying the multiple claims on meaning which storytellers make.

Sensemaking

The plausibility of narratives and stories is an important element in the larger field of sensemaking, e.g. not ‘what’s the story here?’ but ‘what’s a story here?’ (Weick, 2001). Weick’s (1995) seven properties of sensemaking are all relevant to the research; most

specifically the grounding of sensemaking in identity construction and the role of salient cues. Salient cues refer to the resourcefulness with which people elaborate tiny indicators into full-blown stories to support an intuition which in turn confirms their identity. This can become a self-fulfilling prophecy as the individual or organization goes about searching for confirming evidence. When cues become equivocal, contradictory or unstable, either because situations are dynamic or because preferences change, people lose their grasp of what is happening and the role they are playing.

With regard to strategy, Weick's (2001) position is consistent with his view that the likelihood of survival goes up when variation increases, when possibilities multiply and when trial and error is enacted and becomes more diverse. This implies acceptance that what you already know is not sufficient to deal with present circumstances. What you know includes your strategic plan, which becomes a threat because it restricts the ability to learn through experimentation. In a form of trial and error, Weick recommends what he calls 'just-in-time strategy: a form of improvisation less concerned with front-end planning and more with the ability to do a quick study, trust in intuitions, cut losses and generate small wins. Small wins can be gathered together retrospectively and packaged as strategy, as ideas and concepts are usually elegantly articulated after the messy business of decision-making has passed. This resembles De Bono's (1984) definition of strategy as good luck rationalized in hindsight (p.143), but for Weick it is the ongoing experimental small actions, and foreclosure of alternative courses of action, which constitute strategy formulation. Weick's recommendation of trial and error experimentation need not be too risky so long as organizations treat their commitments to strategy as modest hunches to be frequently monitored, rather than full-blown diagnoses with a long shelf-life and immune to challenge.

By focusing on enactment as strategy formulation, Weick might be considered to be supporting the kind of 'bias for action' over a 'bias for talk' advocated by Peters and Waterman (1982), which makes a common but curious distinction between talk and action, conveniently ignoring that what passes for 'action' is often a discursive act. Such a position would challenge the legitimacy or relevance of discourse analysis to management practice. However, Weick (2004) differentiates his position from Peters and Waterman with reference

to Marshak's (1998) summary of the folk model, which explains the popular assumption that talk is at best a precursor to action and at worst can impede action. People who maintain this assumption, Weick argues, would be astonished by the constitutive power of talk, if such power were not typically invisible to those who equate organizing with action rather than conversation. He contends that a greater appreciation of the infrastructure of discourse analysis would lead to less talk about a 'bias for action' and more talk about 'a bias for acting discursively' (p.406), by which he means grasping and profiting from the dynamic and fluid character of unfolding contextualized conversations and texts.

Critical discourse analysis

By contrast with some other forms of discourse analysis, the advantage of a critical discourse analysis (CDA) approach to strategy research is that it has a broad empirical scope. Firstly, it allows the possibility of micro-level textual analysis, as well as the opportunity to connect *intertextually* with wider social and societal discourses (Fairclough, 2001, Alvesson and Kärreman, 2000). Secondly, it recognizes the duality that discourse is both *conditioned by* existing social practices and structures and is *constitutive of* those practices and structures. That is to say, it can generate insights into how discourse is used as a resource for organizational actors to achieve specific aims, such as 'winning hearts and minds', whilst critically evaluating how those same actors might be unwitting subjects of powerful or dominant institutional discourses. This latter position permits Foucauldian elements to be introduced which can offer a genealogical perspective of discourse. This is of particular interest in understanding institutions and mature industries from the perspective of the historic evolution of the power and influence of particular discourses and the suppression of others.

In their critique of approaches to research of corporate strategy, Knights and Morgan (1991) trace a Foucauldian-style genealogy of strategic discourse from its military origins to its use in organizations over the past 60 years, and explain how it continues to legitimize the identity and well-being of those who practice it. Although their position bears many resemblances to those authors who argue that strategy emerges from negotiated and political relations rather than explicit plans and intentions, they differ from the processual theorists in that they

subject the very category of strategy itself to critical examination, rather than presuming it to be known. One focus of this critical examination is the concept of power relations. The processual view, Knights and Morgan argue, maintains elements of a positivist view in the possibility of identifying causality, however complex, situated, and difficult to predict it might be; it sees power as something which people can hold and use to suppress or prevent alternative courses of action. This not only indicates a degree of determinism but also suggests that power is mostly about getting others to do what you want them to do, either directly, or unobtrusively, by defining reality and managing meaning through symbolic and rhetorical power (Hardy, 1985). By contrast, Knights and Morgan believe that power is not something that people possess unilaterally, but that it exists only relationally. Further, they question the negative way in which the power of discourse is perceived, and suggest that it is equally positive in the way it is productive of meaning and of managerial identity and action. However, whether they embrace or resist strategy, organizational actors get caught up in its reproduction. Whilst not implying that all managers are uncritical slaves of the discourses produced by strategic actors, they do suggest that it is worth critically examining how strategic discourse is formulated, how resources and cultural meanings are drawn into its service, and how organizational problems may be (re)constituted in advance of offering a strategic solution (p.270).

CDA is a potentially valuable approach for gaining understanding of the processes by which particular strategies, concepts, ideas or narratives gain popularity and become legitimized and institutionalized (Phillips et al., 2004). Yet, despite the large number of journal articles expressing the conceptual value of discourse-based approaches, my journal searches revealed only two empirical studies which employ CDA in the strategic field¹³.

The first is a study of an NGO operating in Palestine, in which Hardy et al. (2000) develop a model which outlines the process through which discourse becomes a strategic resource, providing dialogical insights into struggles for power and control amongst actors, illustrating that agency only exists when actors hold subject positions that warrant sufficient 'voice' as

¹³ Prior to 2007. Two notable and more recent papers I have reviewed are Mantere & Vaara (2008), and Phillips et al (2008)

recognized by others. Identifying what they call circuits of activity, performativity, and connectivity, Hardy et al do show how the interplay between broad societal discourses, specific discursive acts and consequential practices changed an organization and its environment. The second example of CDA in a strategic context is a Swedish study where Vaara et al. (2004) use critical discourse analysis to identify discursive practices which constructed the now dominant concept of alliances within the airline industry. They show how those practices perpetuate the construct through processes of justification, legitimization and naturalization, despite some paradoxical and contested properties of such alliances. The study is particularly innovative in its empirical use of texts from multiple sources such as press, public relations announcements, online discussions, and semi-structured interviews with top, middle and lower levels of airline industry employees. The authors recognize the difficulties in managing this volume and diversity of empirical material, drawing particular attention to the need for researcher sensitivity to the different types of socially defined speakers and audiences. Nevertheless, they call for further research in this vein, which could alternatively go wider or deeper than their approach.

These two studies are good examples of how critical discourse analysis can contribute to an understanding of the complexities and obstacles encountered in strategic practice, but their rarity is indicative that CDA is still a long way from the mainstream of empirical strategy research.

3.3 Literature review conclusions

This chapter shows a literary trail which illustrates academic precedence for my research concerns. Within studies of the cultural economy, a higher degree of interest in socio-political research has resulted in a shortage of organizational research within creative industry organizations. Strategies cannot avoid contested and socially constructed themes such as intellectual property and convergence of media and technology, which suggests that a discourse-based approach is fruitful.

In organizational strategy there is increasing interest in both practice-oriented and social constructionist research, but there is still a scarcity of empirical studies. The papers which call for new, trans-disciplinary and boundary-crossing methodologies and which articulate the epistemological value of discourse studies, seem to far outweigh in number the empirical studies which have managed to execute such innovation. Phillips et al (2004) state that research on organizational discourse has tended to be 'self referential' and that 'it is time to integrate its insights into management more broadly' (p.646). I am thus confident that a discourse-based approach to my research problem can make a valuable contribution. The sub-divisional boundaries of the field are not rigidly defined, and the literature of rhetoric, narrative, sensemaking and critical discourse analysis all have something to offer to the research design, and are not mutually exclusive.

Having laid out the gap in the literature which the research aims to fill, the next chapter explains in more detail the research design and epistemological underpinnings.

4. Research design and methodology

Case study is not a methodological choice but a choice of what is to be studied.
(Stake, 2005 p.443)

The interpretive *bricoleur* understands that research is an interactive process shaped by his or her own personal history, biography, gender, social class, race, and ethnicity, and by those of the people in the setting. The critical *bricoleur* stresses the dialectical and hermeneutic nature of inter-disciplinary inquiry, knowing that the boundaries that previously separated traditional disciplines no longer hold (Kincheloe, 2001 p.283)
(Denzin and Lincoln, 2005 p.6)

I include the first quote on case studies because there is a temptation to describe my research as a case study. Its holistic contextual focus on the strategic challenges of the music industry with the perspective gained from experiences at two major record companies makes this description understandable. But it is not a case study in the business school tradition, which Remenyi et al. (2005) describe as having three purposes: a pedagogical device, a framework for collecting evidence, and a research tactic. Each of these suggests that a case study is a medium for some other research objective, a vehicle on which to hang or test theories, or to use in an illustrative way to educate others on wisdom established elsewhere. By contrast, in my research the 'case' is the research object itself. In exploring this object I use a number of different research tactics which, to select from Remenyi et al.'s list (p.48), include elements of *action research*, *ethnography* and *scenario discussions*. Before describing these in more detail, I want to comment on the second quote above, which introduces the concept of bricolage.

Nelson et al (1992) describe the methodology of cultural studies as 'a bricolage. Its choice of practice, that is, is pragmatic, strategic and self-reflexive' (p.2). Denzin and Lincoln (2005) describe many types of bricoleur (interpretive, narrative, theoretical, political, methodological) that piece together representations to fit the specifics of a complex situation, deploying whatever strategies, methods and empirical materials are at hand. This process describes my research design and selection of methodology. The flexibility afforded by bricolage demands rigorous explanation, both of the selection of its elements and in its

application. Such explanations are made in this necessarily rather long section under the following headings:

- A critical approach
- An epistemological re-evaluation of the research problem
- Reflexive considerations
- Alternative approaches considered
- Data collection
- Researcher identity
- Ethnographic considerations
- A discourse-based approach
- Data analysis (domains and dimensions of discourse)
- Research design conclusions

4.1 A critical approach

Some of the observations made up to this point suggest a leaning towards a social-constructionist stance. Extreme social constructionism advocates a post-modern view whereby the Enlightenment legacy of modernism and its promise of social progress through improvements in knowledge and rationality are rejected; the coherence and autonomy of man is illusory, as is any knowledge which claims to be valid beyond the local situation whence it was constructed. Whilst intellectually compelling, an extreme position risks making the research findings inaccessible to many of the people who might benefit from its insights.

A critical positioning can moderate this risk. Critical Theory, as associated with the Frankfurt school and influential thinkers such as Adorno, Horkheimer and, more recently, Habermas, represents an 'important, but not a single dominant, strand of Critical Management Studies that continues to be an inclusive pluralistic 'movement' wherein a diversity of critical approaches...is accommodated' (Alvesson and Willmott, 2003 p.3). The critical school shares with postmodernism a scepticism towards exclusive or universal truth claims, and a

concern with the social, historical and political construction of knowledge. It believes dominant positions, which constrain and marginalize others, can thrive if these constructions become accepted as natural, rational and neutral. Such naturalization or freezing of contemporary social reality leads to the prevailing goals of organizations remaining unchallenged and elevates instrumental rationality to privilege a focus on optimizing *means* rather than critically re-evaluating *ends*.

Common components of critical and post-modern studies include the identification and challenge of assumptions behind taken-for-granted ways of perceiving, conceiving and acting. They both encourage an exploration of extraordinary alternatives that may disrupt established orders. However, to distinguish between the schools, it is useful to refer to the three tasks of critical management studies as argued by Alvesson and Deetz (2000 p.17-20):

- insight, or hermeneutic understanding
- critique - the unmasking of historical, political, and social constructions of knowledge
- transformative re-definition

Insight and critique are common to both critical and post-modern approaches. However, the third task is unique to critical theory. Transformative re-definition refers to the provision of support for social action; for example, through the production and development of political competence. It thus goes beyond challenging and de-constructing, and towards proposing better solutions. It follows the critical tradition of believing that generative ethical-political dialogue, or what Habermas (1984, , 1987) refers to as practical or communicative rationality (in contrast to instrumental rationality), will lead to a better fulfilment of human needs. In this respect, the critical position departs quite significantly from the postmodernist, and reverts back towards modernism in its belief in the possibility of progress autonomously driven by human intent, and in the implication that some realities are more worthy or substantial than others. Postmodernism would question that knowledge can be cleansed of power (Foucault, 1980) and holds that that such optimism in the ongoing possibility of social progress will only lead to new forms of domination. I tend to share much of the post-modern view and find it a sobering reminder of the complexity and often irreconcilable plurality of

the world, and a useful framework for maintaining humility in the pursuit of knowledge. The so-called global financial crisis of 2008 invites serious reflection on the possibility that there are no objective realities in the world of business and that progress in the social sciences does not lead us to manage society in better ways than in the past. Nevertheless, post-modernism can often become too abstract to be of relevance, and a critical approach may be better aligned with the digestible scope and aims of a DBA.

Alvesson and Skoldberg (2000) see value in combining the insights of both meta-theories to inspire reflexivity and Deetz (1992) argues that we do not always have to choose one over the other but can think of both at once, choosing the right balance and timing. This balance is what I strive for in my research design, and with this in mind I now re-evaluate the research problem.

4.2 An epistemological re-evaluation of the research problem

Many of the themes I have identified in the earlier sections are indicative of a concern at the reluctance of organizations, or more specifically their members, to disrupt their stability by questioning the very things which have contributed to their historic success and which have become embedded as taken-for-granted ways of seeing, thinking and acting in their environment. Such reluctance is understandable when performance is strong, at least as defined by the criteria by which management are measured; but when performance is deteriorating for an extended period of time, as has been the case with the music industry, the absence of successful survival strategies becomes a more curious phenomenon. My own industry experiences lead me to conclude that established strategic processes have been messy and have failed to produce much beyond a reactive disposition towards the ever more puzzling consumer research and the developments in media, communications and entertainment technology. As discussed earlier, the limitations of traditional strategic scholarship and practice, along with some powerful discourses such as those which are rooted in intellectual property and technological determinism, have likely closed down more possibilities for change than they have opened up. Despite these challenging circumstances, it

is still surprising that the global power of the largely institutionalized music industry, with its assets and rights protected in law, has not been sufficient to resist or adapt more successfully.

There is no shortage of parties who have contributed to the diagnosis of the problem, many of whom have an interest in promoting negative images of the record business using metaphors such as fat cats or dinosaurs. Ideologically uncompromising artists and consumers, impecunious youngsters, opportunistic politicians, left-wing newspapers, visionary entrepreneurs and self-promoting futurists all continue to have their say, some being more honest about their motives and reasoning than others. Many aspects of this anti-record business mood are captured by the following lyrics from a music video (Lars, 2006) which was very popular on the video-sharing website YouTube:

*It's 2006, the consumer's still pissed
Won't take it anymore so I'm writing a list
Don't try to resist this paradigm shift
The music revolution cannot be dismissed*

*\$18.98 Iggy Pop CD?
What if I can get it from my sister for free?
Music was a product, now it is a service
Major record labels why are you trying to hurt us?*

*CHORUS: Hey Mr. Record Man, the joke's on you
Running your label like it was 1992
Hey Mr. Record Man, your system can't compete
It's the New Artist Model, file transfer complete*

*I know I'm rhyming fast, but the message is clear
You don't need a million dollars to launch a career
I've got G5 production, concept videos
Touring with a laptop, rocking packed shows*

*The old-school major deal? It makes no sense
Indentured servitude, the costs are too immense!
Their finger's in the dam but the crack keeps on growing
Can't sell bottled water when it's freely flowing*

*You know, we just wanted a level playing field.
You've overcharged us for music for years, and now we're
Just trying to find a fair balance. I hate to say it, but...
Welcome to the future...*

Extracts from 'Download this song' **MC Lars (2006)**

I use this lengthy quote to add some colour to the largely abstract themes already mentioned. As catchy and compelling as the song is, the issues are more complex than its lyrics suggest. People do buy bottled water even though it's freely flowing, and despite the explicit invitation in the title of his song, you can't download it, you can only temporarily stream it. If you want to download it, you have to purchase it. Thus, MC Lars' self-description as a post-punk lap-top rapper doesn't preclude him from taking economic advantage of the protection of his intellectual property. Likewise, the apparently 'something for nothing' economics of the internet as a medium which has enabled him independently to promote himself, and to generate other revenue streams, may prove to be a transient phenomenon. Organizations fuelled by the growth in internet and mobile phone usage demand increasing financial returns from their investment in infrastructure and 'traffic-generation', and in some cases see music primarily as a means to sell more lucrative products and services. Google's \$1.6 billion acquisition of YouTube was based on expectations of future advertising opportunities from its millions of regular visitors, not because of its promise of an inexorable social revolution through consumer-empowerment and equal opportunities for self-expression.

My point is not to defend the industry and its practices, nor to cynically attack those who attack it. It is merely to illustrate that there is complexity and plurality, and that cultural forces cannot meaningfully be divorced from forces of economic self-interest. Despite the emergence of new discourses of resistance and critique of the old world, these discourses only provide glimpses of new opportunities, not alternative solutions. Some are provocative and polemic (Kusek and Leonhard, 2005), others are more sober and considered (Fisher III, 2004); but ultimately the dominant logic of the traditional music industry has held its ground for so long because no compelling holistic alternative has been established from amongst all the partial contenders.

In order to evaluate an appropriate approach to researching this environment, the following grid, originally inspired by Burrell and Morgan (1979) and adapted by Alvesson and Deetz (2000, p.24), is helpful:

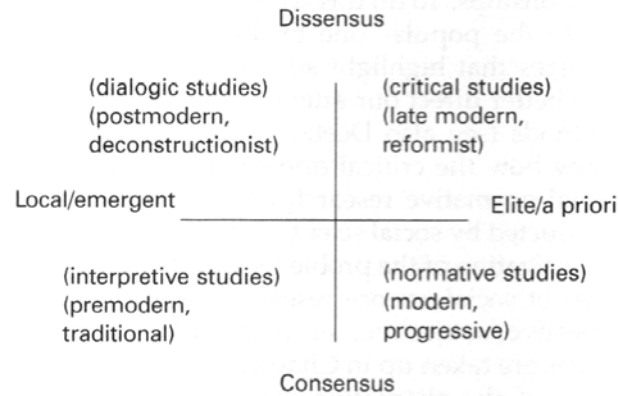


Figure 1: Epistemological grid

The vertical axis represents the relationship of the research to existing dominant paradigms or social orders, either as continuing within the tradition (consensus) or disrupting it (dissensus). The differentiating characterizations of consensus versus dissensus would include: acceptance of the paradigm of the present as a naturalized state, rather than an historical-political one; trust in natural hegemony rather than the suspicion of suppressed conflicts; concern for theoretical validity, as opposed to insight or praxis; and the researcher being anonymous and neutral, rather than reflexively positioned and involved. The central metaphor for the consensus view is a mirror, empirically reflecting the phenomena being investigated. By contrast, the dissensus metaphor would be the lens, either in microscopic or telescopic form, looking both inside and beyond the data. On this dimension, the proposed research is clearly leaning towards dissensus, albeit acknowledging that much has already been done to disrupt the traditional views of both the music industry model and the science of strategizing.

The horizontal axis relates to the origin of the research concepts or problems. Local or emergent refers to concepts which proceed not from the researcher but from those being researched. They are developed with the organization members and can be transformed through the research process. By contrast, elite or *a priori* mean that concepts are introduced to the research interaction by the researcher and remain stable throughout the research

process. The stability of language is particularly important to the elite/*a priori* pole as the linguistic and paradigmatic framework of the particular research community is privileged, both in pre-research definitions and in the way that empirical data gathered is articulated or coded into that framework. There is a presumption here that the framework offers some form of explanatory superiority over what might otherwise emerge from local interpretations of meaning, and therefore tends towards abstraction and validity beyond its empirical source. The elite/*a priori* pole draws either from a grand narrative of rational progress or of emancipation, depending on which end of the consensus-dissensus scale it leans towards. The local-emergent view is more modest in its aspirations and the researcher is more a competent facilitator in an open, exploratory and participatory process of knowledge production than an expert observer-evaluator.

The research has more scope to establish its position on the horizontal axis. The already stated critical approach would suggest that it leans towards the elite/*a priori* side. It does presume some expertise in the field of business strategy and the industry context, as well as a critically proficient overview, and an emancipatory agenda which will access and privilege certain language systems and organizational science paradigms. It may attempt to abstract and extend insights beyond their situated context. However, the research approach also exhibits characteristics on the local/emergent side. It is situated in a particular cultural industry, and is highly exploratory. The research problem was borne out of an organizational context, not from an *a priori* preference from organizational science, and is flexibly articulated to be open to transformation through the participation of others. Below the meta-theoretical level, the language and paradigms which have influenced the design of the research are not exclusive and there is no dominant theory to constrain the scope of the exploration. In short, I don't believe the polar ambivalence on this axis is an obstacle to the research.

4.3 Reflexive considerations

Reflection (reflexivity) is thus above all a question of recognizing fully the notoriously ambivalent relation of a researcher's text to the realities studied. Reflection means interpreting one's own interpretations, looking at one's own perspectives from other perspectives, and turning a self-critical eye onto one's own authority as interpreter and author.

Alvesson and Skoldberg (2000), Foreword (p. vii)

I am conscious that I have come this far with only minimal introduction of myself as the researcher. I don't intend to lengthen the thesis unnecessarily by giving a detailed biographical account, but recognize that issues of reflexivity are crucial to this research process. For now, let me make some reflexive observations under two headings: career path and research motives.

Career path

When asked the often irksome question 'what do you do?', I usually struggle to give a precise answer. The quick response, for use with US immigration officers or in other circumstances where diversity, paradox and rich description are unattractive qualities, is 'accountant'. The mild discomfort which this response causes me in most other circumstances I attribute to my view that the stereotype doesn't reflect either what I do, or how I do it. That is not to say that I'm not still proud of having qualified as a UK chartered accountant in a prestigious global firm. This pride stems more from my achievement in adapting to the very different requirements of professional financial training, in stark contrast to my degree in English literature, than it does from my association with Arthur Andersen, a firm which suffered the indignity of being wiped out of existence through the greed and moral pragmatism of a few of its members. For some people, the finance profession is vocational. In my case, the choice was based on a perception of the lesser amongst several evils, taken only after succumbing to economic and peer pressures characteristic of a middle-class British male with a good education and a politically conservative upbringing. Nevertheless, despite leaving professional practice shortly after qualifying, I have developed a fondness and respect for the profession.

This initial career choice has certainly yielded some good things, opening doors to varied operational and management roles in the industries of music, film, theatre and publishing, and in positions based in New York, Madrid, Los Angeles and London. I spent ten years of my career at the world's largest music company, originally PolyGram, which became even bigger when purchased by Seagram, who merged it with Universal Music and sold the combined business to Vivendi in 1999. Around that time, I was involved in launching an ambitious internet portal for music, which attempted to serve Vivendi's strategic interests in mobile telephony through its ultimately failed joint venture with Vodafone. I left Universal in 2001 and, after a very enjoyable period as finance director for Andrew Lloyd Webber's Really Useful Group, I joined EMI in 2003.

Research motives

The section above attempts to give the reader of this proposal some idea of the identity of the researcher. It is inadequate, as the narrative provokes more questions than it can possibly answer within the scope of the research proposal. Some glimpses are caught of my cultural and political preferences, and maybe my ethics, but how is the reader to know whether I am a credible autobiographer? I believe myself to be honest, but recognize that any editorial efforts to make concise and retrospective sense of how I came to be where I am now, will inevitably be subject to the temptation to present my career as an elegant and coherent story. Of course it is neither elegant nor coherent; it has largely been reactive to dynamic circumstances and idiosyncrasies, alternately catalysed and constrained by relationships, and subject to the internal politics of an industry in crisis. The reader is entitled to ask any number of questions arising from the information given, such as:

- What impact might the circumstances of his last appointment and subsequent redundancy have on his motives as a researcher?

- How openly can a 'finance guy' access the cultural, technological and sociological phenomena which are affecting the industry? What are his motives? As a member of a management 'elite', how self-critical will, or can, he be?

Answering these questions (and more) would never result in a claim of an elimination of researcher bias, but a reflective contemplation of them helps.

To answer the first, I need to give some political context. The primary cause of my departure from EMI was consistent with the departure of the many hundreds of others: the need to cut costs. Only a year before I left, I had been promoted from the Music Division up to a corporate 'Group' position. There was a political motive in this appointment. The Group CFO was keen to build bridges with the Music Division, especially in the historically problematic area of strategy development and presentation to the Board. The non-executive directors were becoming increasingly impatient at a transparent lack of co-operation between the Group and Divisional management in the development and presentation of a common strategy, and it was hoped that my appointment would contribute to a smoother process. I was not to be head of strategy. That role was contested amongst others more powerful than I. I was, however, in charge of the resources assigned to support, co-ordinate, facilitate and present the Group strategy, and I was trusted by the Divisional management, who had agreed to support a common process. Hierarchically, I was one level below the Board, and being someone perceived not to have any personal agenda other than a commitment to improve the process, I was not regarded as a threat. Despite a turbulent period of inconclusive corporate activity involving the attempted acquisition of a major competitor, Warner Music, the subsequent presentation of strategy to the Board in October 2006 was minuted as being 'the best they could remember'. Apart from blowing my own trumpet, I mention this because, from my perspective, the strategic content had changed very little since the previous presentation, which had been heavily criticized by the Board. There were, however, two important non-content changes: firstly, in the illusion of consensus and commitment from the executive directors, and secondly, in the fact that a number of clear options were presented for consideration, re-instating the Board's sense of decision-making power.

Thereafter, things changed rapidly at the company. The following month, an approach by a private equity company to acquire EMI Group stalled at the last moment. Shortly afterwards, EMI Music realized it would not achieve its revenue and profit expectations for the year which led to a profits warning announcement. This was the straw which broke the already

fragile back of the relationship between Group and Music Division management and led to the departure of the latter, thereby removing one of the reasons I had been appointed to the role. The other element of redundancy in my role was the increasing focus on the strategic option of selling the company. The urgency of this priority was taking up most of the Group CFO's time, and in support he had a large team of external specialist advisers with whom he worked largely in isolation from his internal team. Such a short-term and precise goal meant that the appetite for developing a longer-term operational business strategy had evaporated, and much of my role with it.

I had recognized from the start the instability of the role, and felt no ill-will towards the company in taking the consistent step, under the circumstances, of eliminating the position, especially given the departure of so many others. Leaving was made easier due to my readiness to take some kind of sabbatical break from management after 22 years of uninterrupted office work, and due to EMI's continuing support of my DBA.

To the second question of my age, elite-professional bias, and ability to be open to new developments affecting the music business, I cannot claim to have a *tabula rasa* or to be an independent and wholly objective observer. Equally, I do not have a one-dimensional relationship with the music business: as a child I fell in love with music of all genres, and in the seventies copied music from friends, libraries, and from the radio; in 1985, as an idealistic student, I wept with joy and hope at Live Aid; as a consumer and a citizen, I want new artists, and creativity in general, to thrive in a way which can be discovered and shared by all; I love iTunes and my iPod, which have put me back in touch with the excitement of discovering new music and with the 16,000 (legitimately acquired) songs stored on my iPod.

Professionally, I'm trained to presume that the generation, discovery and sharing of music will optimally be fostered through investment, which in turn requires some kind of system which can give a return. Looking to my motives beyond music, as a reflective and critical thinker, I'd like to make some contribution to loosening the grip of some of the unnecessarily dominant constructs of my age; and finally, as an educationally privileged human being ascending Maslow's (1962) hierarchy of needs, I want to be recognized as having some

insights in the fields touched by this research, and hope that it may open some new doors for my own personal development¹⁴

These are just a few things which indicate my potential research biases. Having multiple perspectives does not equate to having all perspectives, but it's a start. I recognize that I had prejudicial views regarding solutions for the industry. In some ways, my involvement in strategy at EMI was initially born out of frustration. I felt that many of my colleagues had an inflexible view with regard to the CD format and its protection through a technology known as copy-control which prevented the CD tracks being ripped onto computers. In my view, this consumer-empowering feature was one of the key reasons to continue to buy CDs in the internet age. Therefore preventing consumers from enjoying it would simply accelerate the obsolescence and ultimate demise of the CD format. I felt very strongly that there was an opportunity to re-conceive the CD as a relevant digital product and this involved dropping the copy-protection policy, but my arguments largely fell on deaf ears. I mention this because I still carry a certain amount of disappointment that I was not able to convince people with logic alone, and, to a small extent, my intellectual interest in the research was stimulated by this phenomenon. I return to reflect on this personal strategic bias towards the end of the thesis.

4.4 Alternative approaches considered

Before settling on the specific approach to addressing the research problem as described in subsequent sections, I considered several other approaches.

Firstly, I struggled for a long time with the question of whether I was more interested in EMI's specific challenges or those of the industry. My involvement with EMI's £50 million change programme meant that I had good access to change practices at first hand, and there I had many observations which resonated with my reading of the change management

¹⁴ My subsequent appointment as Executive Director and Chief Financial Officer of Macmillan Publishers was, I believe, in some degree as a result of my new employers recognising the value of the research in a broader media industries context.

literature. I felt that participatory action research involving a particular change project would be the best methodology for this approach to the research problem. However, by 2006, it was becoming increasingly apparent that confidence in the change programme was waning and that funding for it was likely to dry up. Equally, by this time I had been promoted to head the corporate development department, and broader industry issues were closer to my area of interest. Once I had completed a good proportion of the literature review, I saw that an opportunity to take an industry-wide inter-organizational approach was going to be both more feasible and more valuable.

Secondly, direct involvement in strategic discussions with the board of a public company is a fascinating experience. EMI is a British institution in crisis. Prior to its sale to private equity, EMI's board included high-profile non-executives from other major media and retail public companies, and meetings also included top advisors from the leading financial institutions. The work of Samra-Fredericks (2000) illustrates the rich insights which can be derived from conversation analysis of board meetings and I contemplated whether it would be a possible to take such an approach to corporate strategy-making in action. However, I could see no way past the practical obstacles of sensitivity and confidentiality. Even if I were to have enlisted the support of the Board to record meetings (which was not likely, given the tension between various members, as documented earlier), there would still have been inevitable restrictions on the scope of the research and an embargo on publication.

My involvement in the strategy process led to observations that strategy was not really being formulated internally, but externally; as an ongoing sense-making exercise, and a response to, or negotiation with, the many organizations and individuals who are all striving to renegotiate their participation in the opportunities provided by changes in media and technology. I was interested in the question of content protection, and how the abandonment of it rapidly progressed from taboo to published strategy, and in particular how internal discourse on the topic was influenced by external discourse. Consequently, it struck me that capturing the evolving discourses of change from the perspectives of multiple stakeholders would capture an important element of strategy formulation in action.

I did contemplate one further variation on the proposed approach. This was to perform critical discourse analysis solely on some of the contextual data, such as the Gowers Review or the published interchanges and media reporting of Digital Rights Management policies. This would have been a viable option, but ultimately I felt that capturing the dimension of spoken dialogue would contribute more, both methodologically and topically.

Thus, to a large extent, the research design has been responsive to environmental and contextual factors. Whilst ambitious and potentially complex, I selected the approach because I believe it optimizes the value of insights which might be gained from my position as an industry insider and, as documented earlier, because it responds to the calls for more contextualized and linguistic accounts of strategy formulation.

4.5 Data collection

Following the previously mentioned call for more examination of how those outside the firm shape strategy, and for more analysis of cognitive, interpretative and discursive practices, I considered that it would be both rare and insightful to design the research as a series of strategic conversations with a variety of people who, individually or via their organizations, had a stake in the economic future of music. In addition to being stakeholders, I wanted to identify people with sufficient authority, either through executive power or reputation, who were likely to want either to engage in discussions or to voice their opinions about the future of music. They did not necessarily need to be strategic experts, but I was seeking people who were likely to be able to reflect on the past and the future in economic terms.

I had sufficient knowledge of discourse-based methods to know that there is no right or wrong number of participants for this kind of approach. The saturation principle of continuing to gather data until nothing new emerges is not especially helpful here. The combination of a broad exploratory scope with some articulate and experienced participants seemed likely to generate an inexhaustible and potentially unmanageable richness and diversity of content. The objective was thus not to obtain a representative sample of the

views of the full range of stakeholders, but to generate what I felt to be a sufficient diversity of data to illustrate the nature of the discursive struggle for meaning and power.

Practically-speaking, doctoral research is limited to the author's own resources, and the amount of text for analysis would have a direct bearing on the level of detail to which it could be analysed. With these things in mind, I set out with a target of 15-20 research participants from the following stakeholder list, which was included in the research proposal:

- the recording industry, including so-called 'majors' and 'independents'
- the 'creatives', such as artists (or their managers), producers, or composers
- radio
- retail, including online music services
- internet service providers, especially search and social networking sites
- mobile phone operators and handset manufacturers
- investors
- regulators, subject to access
- government, subject to access

I drew upon my professional and personal contacts and developed a target list of 29 individuals. I contacted 25 directly, and a further 4 were contacted on my behalf. The ones who were contacted on my behalf did not express an interest in participation. Of the remaining 25, 4 did not respond, one declined to participate, and 20 agreed to participate. For various practical reasons of timing and scheduling, 2 of these 20 did not proceed. The remaining 18 did result in recorded conversations. I excluded 2 of these from the process of transcription. The first exclusion was a well-known octogenarian concert promoter who spent the afternoon recounting his memoirs. Whilst fascinating, the subject matter was well astray from the research theme. The other exclusion was due to its occurrence very late in the research process. I was already in the write-up phase, and, although it was an interesting

conversation, I decided not to include it as I judged that it did not make any materially new contribution to the findings.

The remaining 16 participants were broadly spread across the target list of stakeholders. They include board-level executives from the so-called ‘major’ record companies, the Chairman of the IFPI¹⁵, the CEO of HMV, the head of BBC digital audio music, the owner of the first commercial digital radio spectrum licence, the SVP of international marketing at MySpace.com, strategy directors at Nokia and Orange, an independent A&R executive, an artist manager, a composer and producer, the UK government minister for intellectual property, a new media financier, and the CEO of a digital music service provider. From the original target list of stakeholders above, the only omission was a conversation with a regulator.

Conversation format and process

Of the 16 participants, 4 were well known to me, 3 were acquaintances, and the remaining 9 I had not met before. Prior to the meetings, I had sent an invitation to participate (appendix 3), and an outline of the research (appendix 4). At the beginning of the interview, I asked the participants to read and sign a consent form (appendix 2) which gave the option of remaining anonymous. All but one of the participants agreed that they could be cited by name in the thesis. The meetings typically lasted one hour. Rather than being formal interviews with clear researcher and participant identities, I would characterize them as semi-structured reflective conversations. I will return to the question of researcher identity further below.

The participants were invited to comment on the present state of the music business and to imagine its future. Broadly, the intent was to encourage open-ended dialogue. The common questions covered their interest in the music business, what they would liked to have known 10 years ago, what they now regard as good and bad prospective scenarios for the music business, what two questions they would ask of an oracle, and what they would like as their

¹⁵ International Federation of the Phonographic Industry – the global trade body representing the interests of record companies.

epitaph. These questions are based on the scenario work developed at Royal Dutch Shell and described by Senge et al. (1994). This element of the research design was triggered by Remenyi et al. (2005), who refer to scenario discussions as a research tactic involving collecting evidence from a group of suitably qualified experts who are invited to discuss likely or possible future developments in a particular industry. I particularly like the Royal Dutch Shell questions because they specifically incorporate retrospective sensemaking through hindsight, whilst the epitaph question draws out participant identity and how they would like others to see their role and contribution to the industry. The oracle question was also helpful in encouraging the participants, many of whom were more comfortable talking about what they did know, to focus on what they didn't know.

Questionnaire

As the participants were so diverse, and the conversations relatively informal, I chose to develop a short questionnaire which would give a light framing to the conversations and which would at least give some consistency to the opening of the conversations. The questionnaire is a one page list of 40 categories of people or organizations I identified as stakeholders in the music business. I asked participants to indicate quickly whether each one would be an economic winner or loser in the future, relative to their current position. I explained that no conclusions would be drawn from quantitative analysis of this questionnaire, but that its purpose was just as a sort of mental 'warm-up' for the conversation. Though participants seemed to enjoy completing it, the questionnaire plays only a minor role in the research process. I have not quantitatively analysed it, but I have colour coded their responses (green for winners, red for losers, beige for no change) simply to provide a snapshot of areas of consensus and dissensus, which was moderately helpful for the qualitative data analysis. The questionnaire and summary responses are included in appendix 1.

Contextual data

This comprises over 5 million words accumulated over a two year period. The majority is sourced from music-industry related daily electronic press and media cuttings (from EMI),

and other public domain materials, such as speeches, blogs and government policy documents. The data has been loaded into Atlas.ti to make it more accessible to searching on key words. The role of this data is twofold. Firstly, it has kept me in touch with the vast majority of news and public domain discourse relating to the music industry. Secondly, it provides occasional inter-textual reference, where helpful, for the discourses identified in the participant conversations.

4.6 Researcher identity

All research can be seen as a struggle between closeness and distance.
Alvesson and Deetz (2000, p.208)

It was not credible in the research conversations for me to adopt the identity of a wholly objective and independent academic researcher, even if such a thing exists. Some of the participants were acquaintances made through my previous roles in the entertainment industry. Even those with whom I had no prior acquaintance became, through the process of engaging them as participants, aware of my background in the industry. Returning to the point made earlier, I do not claim to be a 'tabula rasa'. Despite my explanation to the participants that I was independently undertaking doctoral research via a respected academic institution, the participants may not have perceived me as an independent and objective researcher. Consequently, the conversations represented a different dynamic from the conventional researcher-participant inquiry. They contained, to a lesser or greater extent depending on the participant, elements of a business conversation amongst peers. On both sides there were elements of self-promotion, power positioning, identity management, scepticism, mistrust, conformity with normative pressures and standardized forms of expression, and any number of other things which potentially interfere with the objective truth-seeking ideals of the traditional research interview. But, as power relations and identity constructs are part of the research focus, these things do not necessarily stand in the way of the research goals. Besides, such potentially distorting factors are a part of naturally-occurring talk and if their existence is acknowledged from the outset, then at least one can

then embark on analysis of the text without the pretence that the interview was undistorted by the interests and idiosyncrasies of the participants. In this view, I adopt what Alvesson (2003) refers to as a 'localist' approach to the research interview, which emphasizes that interview data must be seen in its social context. It is an empirical situation that should be studied as such, and should not be treated as a tool for collecting data on something existing outside this empirical situation.

4.7 Ethnographic considerations

Following such an approach to the interviews means that I may be considered an equal contributor to the data. Consequently, the research contains an element of auto-ethnography, which refers to the situation where the researcher becomes the research subject, and according to Denzin and Lincoln (2005), is grounded in the argument that 'we can study *only* our own experiences' (p.645, emphasis added). Auto-ethnography offers some interesting techniques for personal narratives and theatrical performances of resistance (Holman Jones, 2005), but I do not expect to follow this particular branch of an ethnographic tradition too closely, as its usage appears, at least as far as I can see to date, to be driven by a self-consciously disruptive political agenda. For want of a better term, the research employs what I would call a 'reverse ethnography': the insider stepping (at least partially) out of, rather than the outsider stepping into, the observed world.

More conventional ethnography refers to the tradition of cultural description where data is drawn from direct observations in fieldwork. The ethnographer is traditionally someone who lives amongst the observed community in order to achieve breadth, depth and closeness to otherwise unfamiliar or inaccessible cultural practices. Such a role can range from being passive and relatively unobtrusive to a more active participation in actually developing the research agenda and insights with the community. Thomas (1993) lists three types of participatory ethnography: *participatory action research*, *action research*, and *participatory research*. In each, the role of researcher as expert is played down and the research subjects are treated as near equals in the collective production of knowledge which is to be shared by

all. Where they differ from each other is the degree of participation by subjects in the research process itself.

Within organizational studies, *action research* is the most common form adopted, though as Heller (2004) states, the term has become ambiguous and ‘so diversified it is difficult to identify its usefulness’ (p.349). Easterby-Smith et al. (2002) suggest two dominant beliefs of action research: first, that the best way of learning about a social system is to try to change it; second, that those people most involved or affected by change should be involved in the research process. These beliefs are at one level broadly consistent with the proposed research design, with the caveat that the words ‘action’, ‘change’ and ‘involvement’ require some further elaboration. ‘Action’ and ‘change’ do not, in the context of this research proposal, refer to explicit projects with measurable organizational outcomes. They are better illustrated by referring back to Weick’s (2004) position, quoted earlier, that what is required is not so much a bias for action as a bias for acting discursively. For example, in the context of a semi-structured interview, a question such as ‘what future do you see for the music business?’ explicitly invites participants to contribute to a research agenda and to promote their contribution to the discourse of change. By involving them, to some extent, in determining which questions and issues are worthy of exploration, this approach bears some characteristics of the related method of *co-operative enquiry* (Reason, 1988, Heron, 1996). The degree of participation by the community being researched is obviously heightened if one regards my own identity more as industry practitioner than as independent researcher.

4.8 A discourse-based approach

Notwithstanding the claims above that the design has elements of participatory research, I must be careful not to confuse an interview question with the research question. If the research question were ‘what is the best way forward for the music business?’ then this approach could claim to be a form of action research or co-operative enquiry. However, it is not the direct aim of the research to identify an optimal solution or business model for the industry. The elusive research question may more accurately, if less elegantly, be expressed

as ‘how do the various ways in which people talk and write about the music business both reinforce and weaken the largely invisible and taken-for-granted beliefs, identities and power relations of those who have an interest in the industry, and how is the industry’s future thus enabled and constrained?’ This is not a question which can easily be asked in an interview context. It may, however, be directly or indirectly explored by breaking down a question such as ‘why is the music business in its current state?’ into more manageable pieces, and focusing on discourse, identity and power. It is for this reason that a discourse-based approach was selected. Given the broad scope and epistemological complexity of the discourse field, I devote the next section to an exploration of its domains and dimensions and the process of analysis.

4.9 Data analysis

Earlier sections of the thesis have prepared the ground for my adoption of a discourse-based approach. But in spite, or perhaps because of its popularity, discourse is a term which has a wide range of uses with no single, clear and agreed definition. This can lead to confusion and a ‘feeling that the word discourse is used to cover up muddled thinking or postponed decisions on vital analytical matter’ (Alvesson and Kärreman, 2000) p. 1128. Potter and Wetherell (1987) remark that it is possible to have two books on the matter with no overlap in content at all. Wetherell’s (2001a) preferred definition of discourse as ‘language in use’ suggests that discourse may be so broad in scope that it risks meaning nothing in particular.

Recognizing the problematic absence of definitional precision and the all-encompassing scope of discourse, there has in more recent years been some consensus in identifying distinctive forms of discourse and the approach to its analysis. I summarize below the identified usage domains and epistemological dimensions of discourse. I give such a comprehensive overview for two reasons: firstly, because I ultimately ended up by taking a bricoleur’s approach to discourse analysis and feel obliged to document my thought process, and secondly, because throughout the rest of the thesis I make reference to discourse terminology which requires some explanation.

4.9.1 The domains of discourse

It is helpful to begin by identifying four categories of discourse that are particularly prevalent in studies of organizational discourse. The following domains are identified in the *Sage Handbook of Organizational Discourse* (Grant et al., 2004):

- Conversation and dialogue
- Narratives and stories
- Rhetoric
- Tropes

Conversation and dialogue refer to contextualized interactions which are produced as part of talk or message exchange. Discourse analysts in this domain are interested in the linguistic and textual exchanges amongst organizational actors, with a focus on the *interaction itself*. With conversation, the emphasis is on the extent to which the interaction provides resources for action and further conversation; in dialogue, the emphasis is more on showing the generative (or de-generative) and transformational properties of the interaction: for example, by seeking to show how new meaning is generated via techniques for mediation and mutual awareness.

Narrative and stories. Here, the interest is in the process of sense-making in organizations through the construction of themes and accounts of events and ideologies, not only by individual authors, but by others within an organization who engage with the stories and influence the direction they take. Whilst narrative and stories are literary devices which can be used for rhetorical purposes, the focus here tends to be more towards sense-making than persuasion.

Rhetoric is a more established and classically defined domain which refers to the devices by which discourse can be used to achieve particular ends. Studies of organizational rhetoric

tend to examine the way in which corporate image and strategy are deliberately managed. Of all the domains, rhetoric could be said to be the most self-conscious and accessible to organizational study.

Tropes are literary devices which are found within each of the domains above, but are sufficiently important to warrant having their own category. Metaphor is the best known trope and is of particular interest in relation to change because of its generative qualities: by creatively connecting abstract concepts to the concrete and familiar, it can stimulate knowledge transfer and provide new perspectives on fixed and mature ideas where existing communication is blocked by prejudice or lack of imagination. Nonaka and Takeuchi (1995) describe metaphor as one of the three key characteristics of knowledge creation. Most tropes are powerful mechanisms for *paradigm reinforcement*. By contrast, irony is a dissonance trope, making meaning visible by highlighting contradiction and absurdity. It can be a mechanism for *paradigm disruption*, i.e. challenging the prevailing view by identifying and articulating paradox and tensions in organizations.

It is clear from these four domains that the scope of what can be considered ‘discourse’ is wide and can attract some considerable diversity in analytical focus. An added complication is that the term discourse is often used to denote *interpretative repertoires*, a term introduced by Potter and Wetherell (1987) to describe the lexicon of linguistic resources drawn upon to characterize and evaluate actions and events, and to construct subjects and objects, and, in this usage, discourse can cross all four of the domains described above. Confusion may be caused because discourse can thus refer both to content and to process. It is both a topic (e.g. a discourse of capitalism studied as an end in itself) and a resource (e.g. the study of the usage of capitalistic narratives, rhetoric and tropes in the formation of identity, power and possibilities for action).

In this thesis, analysis of discourse is both a methodological tool and an object of research. As identified earlier in the literature review of the linguistic field of strategy research, of these four domains of discourse, it is ‘narrative’ (Barry and Elmes, 1997, Gabriel, 2004, Boje, 1995) and ‘rhetoric’ (Cheney et al., 2004) which I felt had most relevance to the

research problem. With regard to particular discourses as interpretative repertoires which are worthy of study, the list is long and includes, for example, discourses of patronage, cultural intermediation, technological determinism and social justice. Before looking more closely at the available analytical methods to approach these themes, first it is appropriate to establish an epistemological framework. In order to do that, it is helpful to consider the *dimensions* of discourse.

The dimensions of discourse

Alvesson and Karreman (2000) refer to two key dimensions, along which the different versions of discourse analysis can be mapped. These are illustrated in figure 2:

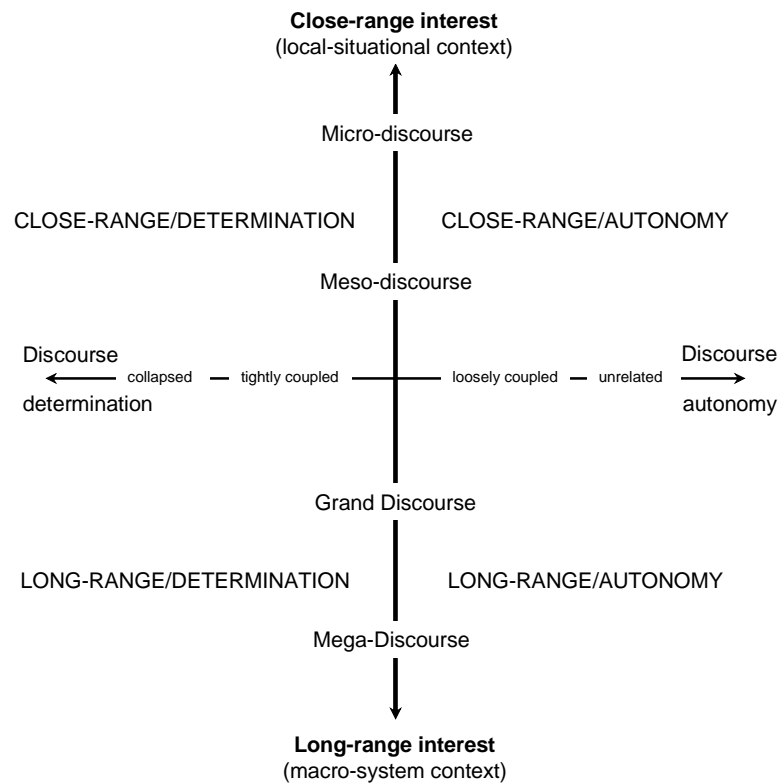


Figure 2: Elaboration of core dimensions and positions in discourse studies (from Alvesson and Karreman, 2000) page 1,135

The **vertical dimension** represents the **continuum of context**. To determine where on this scale a version of discourse analysis is placed, one would ask the question: ‘is discourse best understood as a highly local, context-dependent phenomenon, to be studied in detail, or does it mean an interest in understanding broader, more generalized vocabularies / ways of structuring the social world?’ (p.1,129). This question highlights the divided epistemological roots of discourse analysis. The close-range, detailed, micro-context end of the spectrum is the realm of ethnomethodology and conversation analysis. Here, the interest is in the dynamics and devices of negotiation of meaning and position in local interaction in everyday contexts. The focus is on the performative qualities of discursive practices. At the other end of the spectrum, the roots are philosophy, literary theory and post-structuralism, and interest is more with how discourse constructs human subjectivity and power relations in a more enduring and institutionalizing way. Here, discourse does not refer to the dynamics and devices of interaction, but instead to larger phenomenological concepts of social, moral, scientific and economic norms, which have become so convincingly embedded in terms and expressions which dominate the ways that certain things are talked and written about that they pass for universal truths, or ‘common-sense’. When people talk about things, they invariably do so in terms provided to them by history. These themes have been the concern of social constructionists and writers, who have explored the role of language in the constitution of social and psychological life. The most well-known name at this end of the discourse spectrum is Michel Foucault, who was particularly interested in the historical roots of discourse and power relations. Gender relations, politics, religion and business are typical areas of focus within this type of analysis, which often uses the upper case (Discourse) to emphasize that what is being referred to is an established and broadly accepted set of laws, rules, explanations and ideologies which are embedded in language. The concern with the hegemonic tendencies of capitalism or democracy (each of which is a Mega Discourse) would be examples of where Foucauldian Discourse Analysis may be an appropriate methodological approach.

The **horizontal dimension** represents the **degree of connection between discourse and meaning**. The same epistemological division of roots can be seen here. At one end of this

continuum, discourse and meaning are unrelated or only loosely-coupled. This is described by Alvesson and Karreman as *discourse autonomy*, suggesting that we can study discourse to see what it achieves as linguistic performance, without drawing conclusions about its power or relationships to other phenomena. Politically correct statements may not represent the feelings and convictions of the speaker; and rather than being a subject or product of discourse, a politically conscious language user may exploit the power of particular discourses. Jackall (1988) cited in Alvesson and Karreman (2000) suggests that corporate management calls for politically-conscious language use in which the language user separates or loosely couples discourse and meaning:

The higher one goes in the corporate world, the more essential is the mastery of provisional language. In fact, advancement beyond the upper-levels depends greatly on one's ability to manipulate a whole variety of symbols without becoming tied to or identified with any of them. (p. 1,132)

Discourse autonomy, being the separation or loose-coupling of discourse and meaning, is therefore the domain of conversation analysts and ethno-methodologists, for whom rigorous analysis of the text is one thing; 'addressing what may go on in people's heads and hearts is another issue, disrupting discourse analysis, and may only be carried out in a speculative manner' (p.1,132).

The dimensional opposite to discourse autonomy on the horizontal axis is *discourse determination*, which suggests discourse and meaning are inseparable or collapsed. This is the social constructionist view that social reality, meaning and common-sense are literally *talked into being* in the form of discourses. Through discourses, our subjectivity is constituted and our interpretative repertoires are determined. This is how the social world becomes structured and, arguably, institutionally efficient and productive. However, as Willig (2001) remarks, 'dominant discourses privilege those versions of social reality which legitimate existing power relations and social structures' (p107). It can take time for counter-discourses to emerge to challenge them, and it is this historical aspect in which Foucauldian discourse analysts take particular interest. At this end of the axis, there is a tendency to think of institutional language as subjugating its unwitting users, and the role of critical discourse analysis is to emancipate us from such subjugation.

4.9.3 Choice of discourse approach

Having given the overview of the domains and dimensions of discourse analysis, I now want to refer to an ongoing methodological debate amongst academics, which is relevant to determining the analytic approach to the data. The question central to this debate is the extent to which textual analysis can address both micro and macro levels and move along the dimensions described above. Alvesson and Kärreman (2000) describe this as ‘climbing the ladder of discourse’(p.1,147) i.e. moving from *d*iscourse to *D*iscourse, and here cite Fairclough’s (1993) interest in detailed and locally contextualized discursive practice as well as ‘the order of discourse’: ‘the totality of discursive practice of an institution, and relationships between them’ (p. 1,134). They argue that there is a tension between the levels, one being emergent and locally constructed, and the other commencing with well established *a priori* understandings of the phenomenon in question. The tension is between rigour and significance, and any attempt to combine micro and macro levels must balance this tension. At one extreme, there is a risk of carelessly ascribing to Grand- and Mega- Discourses too much power and influence over unenlightened subjects in a Discourse-dominated social reality. At the other extreme, an obsessively rigorous and narrow focus on linguistic detail may miss opportunities to explore more broadly relevant and powerful social phenomena. Whilst they conclude that it is difficult to accurately and rigorously account for both levels in the same study, they do not discourage such attempts. For them, what is most important is continuous reflection on the shift in perspective as the ladder is climbed. It should not be climbed too quickly, and any ‘grandiosisation and muscularization of discourse should be grounded and shown - rather than, as in some Foucauldian and poststructuralist writings, be postulated’ (p.1,147).

A critique of a very similar question is well made by Willig (2001) who describes the differences between discursive psychology and Foucauldian discourse analysis. Discursive psychology can be mapped on figure 2 above in the close-range autonomy quadrant, i.e. it studies discursive practices, and emphasizes the performative qualities of discourse. It asks how people use language to negotiate meaning and manage social interactions so as to

achieve interpersonal objectives, such as disclaiming an undesirable social identity, justifying an action, or attributing blame. The focus thus tends to be on managing stake and interest in social interactions. Discursive psychology is therefore closer to the traditions of conversation analysis and ethnomethodology than the social constructionist view of Foucauldian discourse analysis. Willig raises the question of whether these differences represent mere shifts in analytical emphasis rather than fundamentally different theoretical frameworks. She refers to some seminal works in the field of discourse, notably Potter and Wetherell (1987) who differentiate between *discursive practices*, (what people *do* with talk and writing), and *discursive resources* (the available Discourses from which people can draw), arguing that these two concerns constitute a ‘twin-focus’ for discourse analysis. Subsequently, whilst Potter (1997) suggests that there are distinct versions of discourse analysis that have grown out of different theoretical traditions, Wetherell (1998) argues that a conceptual separation is counter-productive, and supports reasons for ‘preferring a more eclectic approach’ (p.405). Willig’s representation of the argument is that it is:

only a synthesis of the two ‘versions’ – that is the adoption of a ‘twin-focus’ [which] allows the discourse analyst to produce a reading that pays attention to *both* the situated and shifting nature of the discursive constructions as well as the wider social and institutional frameworks (of meanings, of practices, of social relations) within which they are produced. That is, we need to take into account *both* the availability of interpretative repertoires within a particular social and cultural formation *and* the participants’ local concerns and their realization through discourse within a specific context, if we want to understand what is happening, in a particular piece of social interaction. While a focus on *discursive practice* helps us to understand *how* speakers construct and negotiate meaning, a focus on *discursive resources* helps us to answer questions about *why* speakers draw on certain repertoires and not others. (Willig, 2001) p.105.

There appear to be no definitive conclusions to this important question of how to achieve Wetherell’s synthesis or to scale Alvesson and Karreman’s discourse ladder. In my process of data analysis, I have found my own way of moving between the quadrants of figure 2, which was as a response to the needs of presenting and interpreting the texts.

Having considered the range of analytical approaches to discourse-based studies, critical discourse analysis (CDA) was initially selected for the data analysis, as it endeavours both to evaluate the localized performative power of texts, and to locate those texts in broader and

more durable institutional and societal discourses and practices. Ontologically and epistemologically speaking, CDA is situated between extreme social constructionism and critical realism. These are hotly contested positions within certain circles of organizational research (see the interchanges between Mutch (2005) and Willmott (2005), and between Reed (2005a, , 2005b) and Willmott and Contu (2005)). In this regard, I follow Fairclough's (2005) reconciling position, i.e. that an analytically dualist epistemology which gives primacy to researching relations between agency and structure (rather than having to choose one over the other) has more to offer organization studies than the more extreme post-modernist work, which sees organizations as existing 'only in so far as their members create them through discourse' (Mumby and Clair, 1997 p.181). I thus presume that discourse constitutes structure, but that such structures, once constituted, have an ontological status which makes them capable of reproducing themselves with material effects, at least until challenged by alternative discourses.

4.9.4 Process of analysis

The conversations were first professionally transcribed by a third party. Transcription is not as precise a process as I had imagined, and in my initial review I noted that there were many errors indicative of misunderstandings or simply unrecognized terminology. I corrected these mistakes, though I recognize that there is no such thing as a 'correct' transcription. Even the most painstaking transcription which attempts to document all the pauses and points of emphasis and non verbal expression cannot capture the nuances and complexities of speech. In all discourse analysis, the researcher needs to take the time to engage in repeated readings of the text, and listenings where possible. Willig (2001) recommends that, in the first instance, this should be done without attempt at analysis, as this allows us to experience the discursive effects of the text as a reader or listener, rather than as an analyst, and to become aware of *what* the text is doing, before identifying *how* the text manages to achieve it. I achieved this immersion in the text through two steps. Firstly, though the textual 'correction' of the conversation transcripts whilst listening to them. Secondly, by loading the

conversation recordings onto my iPod and listening to the conversations a number of times. Once the text had been thus digested, coding began.

Coding of transcripts is a selective process which is governed by the research question. Any text can be analysed and re-analysed in many different ways and it is generally neither feasible nor desirable to produce a complete discourse analysis of a text. Potter and Wetherell (1987) propose that 'discourse analysis is heavily dependent on craft skills and tacit knowledge.' (p.175), and consequently there are no prescribed rigid methods and procedures for coding and analysis. This description is consistent with my coding process, which was highly exploratory and iterative. I used Atlas.ti software to manage the process, which resulted in almost 150 codes linked to more than 1,000 quotations from the texts. The beauty of the software is that it makes more visible a huge amount of my initial conceptual responses to the text, and facilitates the organization of ideas in accordance with discourse based analysis.

Analysis requires that the researcher examines both the constructive and functional dimensions of the text. This means looking not only at how subjects and objects are constructed, but also at how such constructions vary across different contexts, and with what objectives or consequences they are deployed. Discourses are not always easy to identify, and Wetherell (2001b) suggests that focusing on *interpretative repertoires* is a good starting point. Interpretative repertoires are regularly used to construct alternative, often contradictory, versions of events, and they offer different subject positions from which to act. Fairclough (2001) gives a useful analytical framework for CDA, broken down into five stages which can be summarized as:

Stage 1 – Focus on a social problem (rather than a research question) that has a linguistically semiotic aspect.

Stage 2 – Identify obstacles to the problem being tackled.

Stage 3 – Consider whether the social order ‘needs’ the problem (who has an interest in it not being resolved?), e.g. does discourse preserve orders, divisions, or authority?

Stage 4 – Identify possible ways past the obstacles (look for hitherto unrealized possibilities for change in the way social life is currently organized).

Stage 5 – Reflect critically and reflexively on the analysis.

Following these steps, in summary, the text was examined to identify the ways in which discursive objects relevant to the research problem (e.g. music, technology, consumers, record companies) are constructed by participants using repertoires which draw from alternative, and sometimes conflicting, discourses. The process leads to a questioning of why objects are so constructed, and what is gained by particular vocabulary or tropes. Discourse can construct the speaker (the subject) as well as the object. Thus, subject positions such as roles and identities are explored. What possibilities for action or influence do the subject position and the discourse offer? What obstacles and avenues for inter-organizational collaboration do they create? Finally, there is a systematic analysis across the primary texts (and beyond) to explore the behavioural consequences of the object constructs and subject positions. For example, what implications do these alternative ways of constructing the music world have for strategic business practice?

Although it doesn’t generally form part of the data analysis phase in quantitative research, the discussion phase of a discourse analysis approach can not easily be separated from the data analysis phase. This is because a meaningful analysis of data can generally only take place within the context of a discussion of the insights generated. Similarly, the writing up phase is not entirely separate from the analysis of the texts either, and Potter and Wetherell (1987) draw attention to the fact that writing is a way of clarifying analysis which produces inconsistencies and tensions, which in turn may lead to new insights, or indeed a return to the data for clarification. This iterative process also lends itself to critical reflection, both on the text and on the researcher’s reflexivity, elements which are essential to any research, and not

least to discourse analysis. The findings section follows these principles, interspersing the core presentation of findings with sections of critical reflection.

4.10 Research design conclusions

This lengthy section on design and methodology has been necessary due to the particular challenges arising both from being an industry insider, and the less common analytic processes and epistemological claims of discourse analysis within management research. I have shown how it is difficult to pin recognizable labels onto my design, such as case study, ethnography or action research. The term ‘scenario discussions’ describes a particular research tactic, but not the whole design, which I’m not sure really needs a label anyway. To me, the words ‘critical’ and ‘discourse’ are the most important descriptors of the research design. These do more than just denote the analytical method applied to the data. They indicate that my central research concern is one which desires greater visibility or unmasking of the power of language both to provide and delimit the identities of organizational actors and the possibilities for strategic action.

My application of critical discourse analysis incorporates principles derived from my readings, in particular: Wetherell (2001a, 2001b), Willig (2001), and Fairclough (1993, 2001, 2005). The breadth and scale of content within my participant texts precludes the kind of microscopic detailed analysis or comprehensive scrutiny found in some critical discourse analysis, such as the dissection of grammatical construction envisaged by Fairclough’s version, which was developed more for discrete bodies of text such as government policies. Nevertheless, I believe I have adhered to its most important principles, as set out above, in a way which is appropriate and relevant for an exploration of the research problem.

I have deliberately avoided a definitive epistemological categorization of my approach, such as ‘critical realist’ or ‘postmodern social-constructionist’. As I am not making any new claims which support one position more than another, I don’t believe it is necessary to

exclude the value which can be obtained by combining the insights of alternative positions to inspire reflexivity, as suggested by Alvesson and Skoldberg (2000) and Deetz (1992).

Having now explained my research design and methodology, I move in the next chapter to the analysis and findings.

5. Analysis and findings

5.1 Introduction

Given the broad thematic scope of the data, this introduction gives an overview of the analysis and findings section of the thesis. Following an introduction of the participants, the section breaks down into three sections: (1) emerging themes (2) discourse, narrative and competing worldviews, and (3) power and ideologies.

Emerging themes

In this section, the participants' explanations and interpretations are presented with a high proportion of textual reference from the transcripts, and with minimal interpretation other than to aid an understanding of industry terminology and context for the non-specialist reader. The chapter begins by establishing a more or less consensus view of the traditional *value-chain* for recorded music as a provisionally fixed point from which to begin a journey of analysis. The most commonly cited causes of challenges for the recorded music business are then introduced: the disruption caused by technology, and in particular, CD copying, peer-to-peer file-sharing, affordable and accessible domestic producing and recording technology, and the web as a medium for social-networking and direct artist promotion. There is much consensus on these developments as attributable causes of change. However, it is the dissensus surrounding whether they are positive or negative developments, and whether they should be encouraged or protected against, which is more revealing. I am less interested in whether those negative and positive interpretations are logical or defensible accounts of 'reality' and more interested in how and why the interpretations are framed as positive or negative. The attribution of credit and blame, and of what is fair or unfair, right or wrong, and how these perceptions open up or close down opportunities for strategic action, are the focus.

Value-shift refers to changing perceptions of where the value in music consumption lies. It includes the impact of the digital commoditization of music and the apparent diminution in the value attributed by consumers to high quality recorded sound and physical packaging, in favour of convenience and services which enable discovery, sharing and personalization. It explores the value propositions of competing stakeholders, who have an interest in devaluing some product conceptions of music relative to their own consumer offerings, such as mobile phone companies and social networking sites. In the context of the ‘democratizing’ properties of new media and technology, it introduces a metaphor of slicing and baking pies to present the various arguments around the precise location of the core values provided by record companies to artists. In a wider societal context, the continuing relevance of the role of record companies as cultural intermediaries is questioned.

In the section on *custodial tensions*, custody is further broken down into two subheadings: *cultural custody* and *economic custody*. Cultural custody includes the patronage of artists and the guardianship of the cultural legitimacy of art, fashion and taste, and the competing protection claimed for individual freedoms to enjoy, create and express. *Economic custody* groups together all the practical, ethical and social aspects of the debate around the protection of recorded music assets and the control of distribution channels. In particular, it explores how protection strategies, via technology and legal process, are constructed as both causes of, and solutions to, the industry’s problems.

This section on emerging themes concludes with some interpretations from participant *hindsight* of what has happened in the music industry in the past 10 years. The observations are considered in the context of Weick’s (2001) concept of sensemaking, and illustrations are given of how perceptions and openness to change can be desensitized by the kind of clear and public commitment to strategic choices and visions which industry actors feel compelled to make.

Discourse, narrative, and competing worldviews

In this second part of the analysis, I take a more interpretive role by moving to a closer scrutiny of the text and, in particular, the alternative constructions of key objects such as music, the record company, the consumer and technology. Reflecting on how these constructs fit into a larger world view, I introduce the concept of storytelling as an appropriate way to frame the competing discourses. I identify seven primary tales which between them illustrate the sensemaking repertoire of the participants. The tales are named according to their central protagonist: the patron, the discerning curator, the protective curator, the liberal curator, the disseminator, the inventor, and the businessman. A brief explanation of the plots of the tales, along with the characterization of the protagonists and antagonists, give colour and richness to the presentation of the data. The tales imply the existence (or, at least, commonly recognizable social constructions) of two distinct worldviews, which I name ‘Tin Pan world’ and ‘Wiki world’ and which are broadly aligned with each side of the custodial dilemma. Tin Pan world is the traditional view of the industry, where patrons and curators operate with a high degree of exclusivity in the origination and promotion of music. The other is Wiki world, which is borne of a ‘web 2.0.’ discourse of individual empowerment and the liberation of the creative process from the excesses of capitalist and elitist constraints.

Having outlined the plots, protagonists and antagonists of the tales, I then select one, the inventor’s tale, to explore two variations in this tale which are less transparent and less polarized than in the other tales. They reveal fundamentally different perceptions of technology and how it affects change. The first, the technologist-inventor, sees new technology as (i) singularly conceived and consistently defined, and (ii) easily and inexorably diffused through universal laws of self-interest. By contrast, the entrepreneur-inventor treats technology as (i) variably conceived and defined according to product usage, and (ii) messily diffused via contextual variables of coercion, politicking and protection. These two different views of technology give rise to two different attitudes to change: the former is that change is caused by new technology which is impervious to human or organizational agency, whilst the latter is that change is brought about by individuals or by organizational strategies regarding both new technology and the re-

conception of old technology. These variations, and the discourse they produce, shed some light on the question of why so many solutions to the industry's problems have failed to be commercially executed, despite having been conceived many years ago.

Power and ideologies

In the third and final part, I conclude the findings and analysis with critical reflections on issues of power and political ideology. I locate the cognitions and discourses of participants within the grand discourses of the cultural economy, such as neo-liberalism, liberal-pluralism, capitalism and technological determinism, and consider the possibilities for change from this socio-political, rather than commercial, perspective.

5.2 Participant introductions

The following sections contain a high proportion of textual references from the conversations. It is therefore appropriate at the outset to introduce the 16 research participants and provide some brief biographical details. The short reference in brackets is used to attribute quotes in the body of the analysis.

Terry Britten (composer/producer)

He has a long list of composer credits including hit songs for Tina Turner, Cliff Richard, Lenny Kravitz, Michael Jackson, Bonnie Raitt, Olivia Newton-John and Meatloaf. He owns a recording studio, and at the time of interview he was recording and producing a new album for The Verve, which was subsequently released in August 2008 and went to number 1 in the UK album charts.

Cerne Canning (artist manager)

A former talent scout and concert promoter for leading independent Rough Trade Records, he has worked The Smiths and currently manages Franz Ferdinand whom he ‘discovered and signed’. He is also a partner in Supervision Management (part of the Mama Group), which manages twelve artists, including the Kaiser Chiefs. Mama Group manages 18 of the UK’s leading concert venues, including Barfly, Mean Fiddler, Jazz Café, and the Hammersmith Apollo.

Stuart Ells (new media financier)

A former executive of PolyGram and EMI, his most recent position (until 2006) was COO and Regional Director (Asia-Pacific, Latin America), EMI Music. At the time of the research conversation, he was working on launching an investment fund for new media music initiatives, and brokering the sale of a US music company.

Alan Giles (CEO, HMV)

He was CEO of HMV between 1998 and 2007, though at the time of the interview he had recently been appointed as Chairman of clothing retailer Fat Face. HMV is ‘one of the most well-known and respected music and video retail brands around the globe’ (www.hmv.com). He was formerly an executive at Waterstones and WH Smith.

Andy Hill (music service provider)

His company, Broadchart, ‘specializes in delivering music physically and digitally on demand and online since 1990. Its physical music library currently contains 3 million tracks, on CD or vinyl, and its digital music library stores the best of these, perfectly digitized and meticulously catalogued’ (www.broadchart.com).

Quentin Howard (CEO, commercial digital radio)

Quentin is ‘a leading expert on UK commercial digital radio. He created GWR's Digital Broadcasting Division, and formed the company Digital One, which was awarded the sole UK National Multiplex licence for Digital Radio in 1998. He is also an award-winning radio presenter’ (www.criticaleye.com)

Stephen Johnston (Corporate Strategy Manager, Nokia)

He joined Nokia in 2003 and ‘has since worked on formulating Nokia’s Internet strategy, identifying future trends and exploring new business models and innovations. Since 2006 he has been leading an innovation program that aims to facilitate Nokia’s move into Internet consumer services’ (www.nokia.com).

Jamie Kantrowitz (SVP marketing, MySpace)

Her full title is Senior Vice President International Marketing and Content at the social networking site MySpace.com, where she has ‘pioneered relationships with record labels, entertainment properties and lifestyle channels to grow the company's pop cultural dominance and now leads an international team that continues to serve

MySpace's international strategic partnerships and content acquisition for its entertainment and lifestyle channels' (www.MySpace.com)

John Kennedy (Chairman, IFPI)

The International Federation of the Phonographic Industry (IFPI) is the trade body which represents the major record companies globally. It is active, both directly and through its constituent national bodies, in areas such as anti-piracy initiatives and in lobbying governments on policies which promote the interests of the recorded music industry. He was formerly an artist lawyer, and President of Universal Music International and PolyGram UK.

Chris Kimber (Head of Interactive Music, BBC)

His full title is Managing Editor, Audio Music Interactive. Audio Music Interactive is the new media wing of a larger group within the BBC called Audio Music, which manages interactive output on music radio networks (Radios 1, 2, 3, digital networks 1Xtra and 6 Music and the /music website).

Alain Levy (Former CEO, EMI)

He was Chairman and CEO of EMI Music (2001-2007), and President and CEO of PolyGram, now Universal Music, (1991-1998). For 25 years he has been one of the most well-known executives in the global music industry. At the time of interview he had recently taken a new role in a private venture acquiring European TV production companies.

Boyd Muir (EVP/CFO Universal Music)

His full title is Executive Vice President and Chief Financial Officer, Universal Music Group International. Universal is the largest of the major music companies, with a market-share in excess of 30%. 'My role means I look after all non-creative aspects of Universal outside of America, everything from finance to distribution to manufacturing to sourcing to IT to HR to certain aspects of business affairs...which means most things other than marketing or A&R' (*from the interview*).

Marc Overton (head of strategy, Orange)

His full title is Vice President Strategy and Business Performance at mobile phone operator and internet service provider, Orange UK. He was formerly MD of internet service provider, Wanadoo, which was acquired by Orange.

Tris Penna (independent producer/ A&R)

A well-known independent ‘producer, broadcaster and record company executive’ (www.7digital.com), he was, at the time of the research, creative director and adviser to Andrew Lloyd Webber’s Really Useful Group.

David (Lord) Triesman (government minister)

Parliamentary Under-Secretary at the Department of Innovation, Universities and Skills (DIUS). He was the first government minister for intellectual property, though he was moved out of this post by the Prime Minister in the course of my research interview with him, and was subsequently appointed Chairman of the Football Association.

Anonymous – head of digital, major record company

At the time of the interview s/he had been six months in the position. Previous positions include Director of Entertainment for a leading internet service provider, and Director of Digital Media at an international TV company.

Having introduced the participants, I now move to the emerging themes from the conversations.

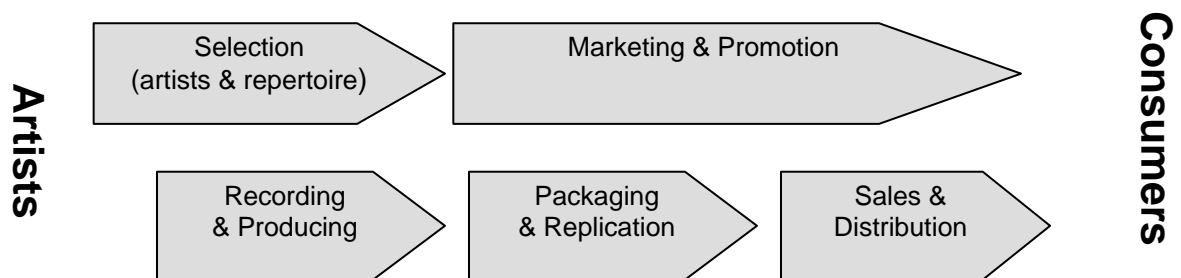
5.3 Emerging Themes

This chapter introduces the key themes arising from the research under the following headings: value chain, value shift, custodial tensions and hindsight.

5.3.1 Value-chain

There is a common view of the mature recorded music business as illustrated in figure 3:

Figure 3: The mature and still dominant value chain



It is only one picture, a prevailing one but not uncontested, and establishes a provisionally fixed point from which to begin a journey of critical analysis. It constructs the music business as a series of value-adding activities, commencing with the artist and ending with the consumer, with the record company characterized as the dominant contributor of value and controller of many of the processes in-between. The hard-to-define skills of artist and repertoire selection ('A&R') are held to be exclusive to the business, as is much of the mystique surrounding the marketing and promotion of music and artists. Descriptions of discovery, nurturing and development suggest a theme of patronage, whilst filtering and taste-making are more indicative of the role of cultural intermediary. In contrast to the intangible nature of these roles, there are parallel

production and distribution processes, which are more tangible and which are described in mechanized terms more familiar to industry. This is the world of recorded music products in predominantly physical terms: to be replicated and disseminated to all corners of the globe in great volumes, and to be collected and valued by consumers as cultural artefacts embodied in technology. This value chain, which existed largely intact for the century following the invention of the phonograph, peaked in 1999.

Although participants refer to the existence of all elements of the chain, there is a notable variance of emphasis around which links are regarded as the core areas of expertise and value contribution. These differences are manifested as roles and identities. They become more sharply defined when the chain is described as fragmenting due to ‘disintermediation’ by new stakeholders. The resulting fragility of identities leads to some rich discursive material, which is analysed in later sections.

Parasitic activities

It is interesting to view the economic dominance of the traditional value-chain against what I contentiously refer to as parasitic activities. These are economic models which are not perceived to be directly part of the recorded music value-chain, but which have indirectly derived the majority of their revenue from its existence. The term ‘parasite’ is contentious because the record companies have derived mutual benefit from these neighbours. They lived in mostly symbiotic equilibrium until the parasites came to be seen as outgrowing their dependency on their record industry ‘host’. As the host revenues began to decline, the parasites continued to thrive and, as new ones appeared, began to encroach on host territory (see figure 4). Taking a more historical perspective, it could of course be argued that the recording industry is itself a business model which is parasitic on the activities of musicians, performers, composers and impresarios.

Figure 4: 'Parasite' value-chains

<u>Business model</u>	<u>Traditional sources</u>	<u>New/growing sources</u>
Consumer electronics	Manufacturers of home hi-fi, walkman	Manufacturers of iPod/mp3 players, mobile phones
Radio	BBC, commercial radio stations	DAB, internet and satellite radio, subscription services
Music television	MTV	TV talent shows (e.g. Pop Idol, X Factor)
Talent management	Fragmented, individual agency structure	Artist branding, corporate sponsorship, combining with concert promotion e.g. Mama Group
Concert promotion	Fragmented impresarios and venue owners	Consolidating with talent management, e.g. AEG, Live Nation, Clear Channel
Merchandising	Cottage industry (parasite on concert promotion)	Expanding beyond 't-shirts', rights acquired by large entertainment corporations
Recommendation, discovery, sharing	Music journalism, fan clubs	MySpace, LastFM, Imeem, Q-Trax, Napster (subscription model), Yahoo Music
Synchronization (usage in TV ads; movies)	Mostly passive granting of rights on request	Pro-active pursuit of opportunities as part of sponsorship/branding growth
Publishing	Licensing and collecting; mechanicals (CDs) are primary revenue source	As mechanicals fall below 50%, growth through aggressive negotiation of new media rights and pro-active pursuit of commercial opportunities

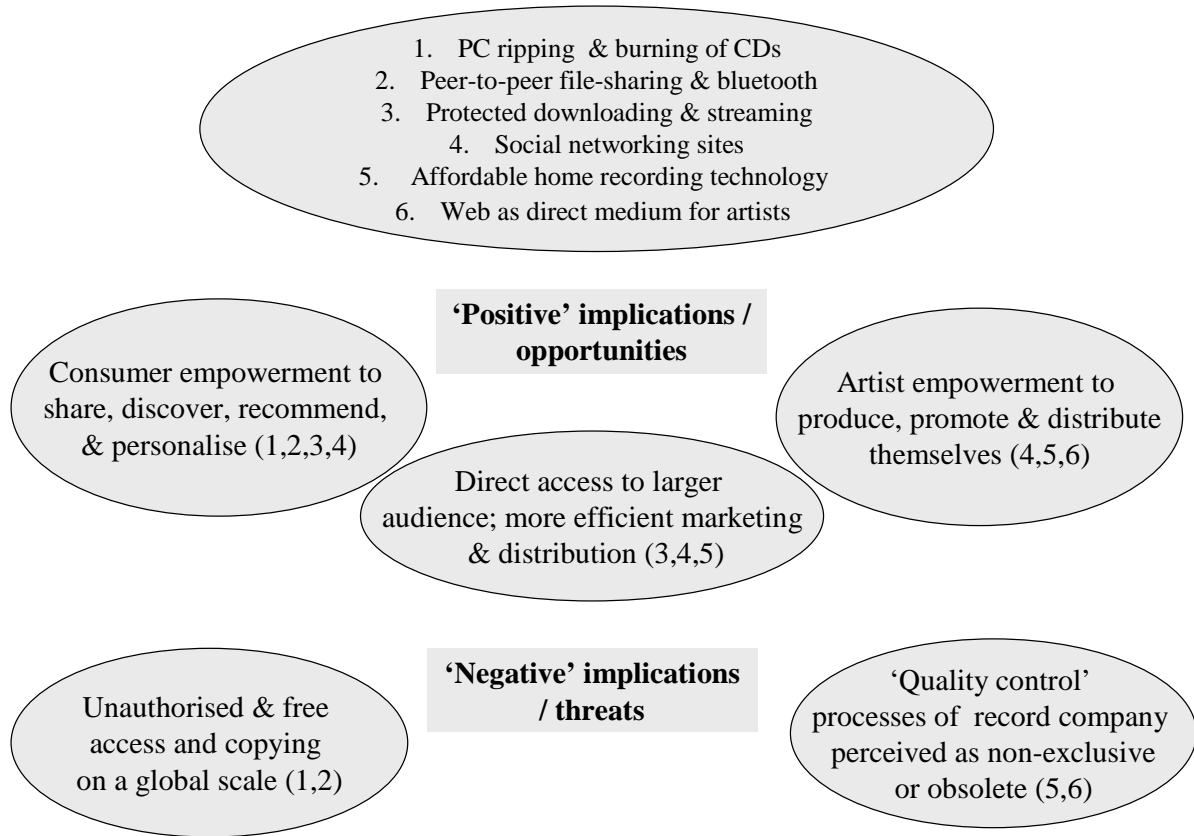
As barriers to entry have been falling, most of these businesses have been exploiting opportunities to enter the traditional record company chain of origination, promotion and distribution. Where the relationships fall out of equilibrium, the discursive properties of the conversation texts reveal their performative qualities, such as claims to authority and legitimacy, discrediting of other contenders, attribution of blame and implications of injustice.

Credit, blame and justice

Though there is much diversity in the perceived causes of the decline in record companies' fortunes, the focus of contention is on the *anticipation of*, and on the strategic and behavioural *reactions to*, developments in the environment. By contrast, with regard to the environmental developments themselves, there is broad consensus: the industry

value chain was disrupted by several, consistently articulated, innovations in technology, media and design, as illustrated in figure 5.

Figure 5: Technology disruption to the value chain



Though their origins date back to the late 1990s, these disruptions are new millennium phenomena in terms of their adoption by the mass market. Some other causes of problems for the industry are less emphatically cited by participants, such as product devaluation through aggressive supermarket pricing, free CD give-aways in newspapers and magazine cover-mounts, and growing competition for consumers' disposable income from PCs, videogames and DVDs. However, such trends mostly arose many years earlier than the developments listed in figure 5 and did not prevent the industry from continuing to grow to its 1999 peak.

Given the consensus around the primary value-chain disrupters, the main thrust of the analysis follows the participant texts in exploring the more discursively interesting dissensus, which centres on the positive and negative implications of the disruption. In conventional strategic discourse, these polarities would be framed as opportunities and threats from the environment; and the strengths and weaknesses of the record companies in their ability to deal with them would be the primary area of interest. I am less interested in whether those negative and positive interpretations are logical or defensible accounts of ‘reality’, and more interested in how and why the interpretations are framed as positive or negative. In fact, my categorization of positive and negative in figure 5 is questionable, and entirely dependent upon whether one gives primacy to the rights and interests of artists, consumers or record companies.

The next two sections provide a framework which captures the participants’ sensemaking of what has happened and what might yet happen in the business of music. I am particularly interested in their attributions of credit and blame, and of what is fair or unfair, right or wrong, and how these perceptions open up or close down opportunities for strategic action. The participants’ explanations or interpretations are presented with a high proportion of textual reference from the transcripts. At this stage, minimal critical interpretation is offered, other than to aid an understanding of terminology and context for the non-specialist reader.

5.3.2 Value shift

I actually wouldn't ask the oracle the question: 'will people still love music?' because I have no doubt that that will be the case. You know, the question I would want answered is: 'what would consumers value about the way in which they access and consume music?' (Former CEO, HMV)

This heading groups together all the discussion about the apparent changes in the way in which consumers value music and music-related experiences. The opening quote establishes confidence about the permanent and deep-rooted value of music in a cultural, if not economic, sense, and this is consistently shared by all participants. Music is variously described by them as: *more popular than it's ever been; one of life's eternal values; too important to the world; and part of people's lives*. Though the overall value attributable to the music experience is perceived to be stable, there are some elements which have lost value and others which have gained. The net economic effect of these changes for the recorded music industry is negative, implying that the elements of devaluation are core to the existing business, whilst the new areas of growing values have been difficult to embrace and control, economically speaking. Therefore, there is a common feeling amongst participants that values have shifted detrimentally for the industry: *it used to be something special but now it's lost its value; you're not quite sure what you're paying for; young people think you don't have to pay for music*. This section thus begins with diminution in value, and then moves to new value opportunities.

Diminution in value

I have grouped the discussions relating to diminution in value into four headings:

- digital commoditization
- physical-visual
- physical-aural
- the honey-trap

Digital commoditization

Digital commoditization is a reduction in the scarcity value of music, resulting primarily from its widespread availability through unauthorized channels (copying and sharing), as previously described under the ‘custodial tensions’ heading:

You’re just delivering a set of information, bits... in terms of music. If it’s commoditized in terms of it being available from other sources, it’s not that interesting. One of the data points that I saw a year or two ago was that within 5 years time it’ll cost about \$200 to buy enough hard drives to store all of the recorded music made in the US after 1950. (Corporate strategy manager, Nokia)

The retail cost of filling the largest iPod (160Gb) with approximately 38,000 purchased songs would be £30,000. The device itself costs less than £200. When such vast amounts of desirable content can be stored on, and easily shared between, small devices, it is no wonder that there is a dilution in economic value of music; it is also no wonder why the iPod has been so successful¹⁶. Of course most iPods are far from full, but even so, statistics indicate that the average iPod of 18 to 24 year-olds contains 842 unauthorized songs, representing half of the songs on their iPod¹⁷. The retail value of 842 songs is £665, and if this were extrapolated to all the iPods and mp3 players in use, its value would equate to well over 5 years-worth of global recorded music sales.

There appears to be no public consensus on whether or not the prevailing retail price for digital music represents good value, but there was consensus amongst participants:

I mean if you subscribe to Napster (authorized service) you get pretty much everything you want for £10 a month, which is a pint of beer a week, so it’s not actually really... That’s effectively almost free to be honest with you. (Head of interactive music, BBC)

¹⁶ Cumulative sales of iPods as of March 2008 are 170 million (Wikipedia).

¹⁷ Study from the University of Hertfordshire reported in *The Times* (London) June 16th, 2008.

I'll go on iTunes in the next couple of days and I'll pay £1.60 to have two classic tracks, two just fantastic tracks for £1.60, which you know, subject to any problems I'll keep forever. It's just unbelievable value. (Chairman, IFPI)

To his great frustration, the view of the chairman of the IFPI is not shared by his teenage daughter:

I'm stunned. 'You have no problem paying £30 out of your allowance, a huge percentage of it, for a mobile phone?' No problem. It was a 'must have'. No problem, not thinking about it at all, absolutely had to have it. So completely stunned. So I thought I'd examine this. I said, 'Ellie, I know you love music, so what if, for £40 instead of £30, you could have all the music you want, everything you want included in your £10?' She said no. I said, 'why no?' She said, 'it just doesn't feel right'. So I said, '£8 then?' No. '£5?', hesitated, but still no. I wasn't going to depress myself by going below that.

Not 'feeling right' is a disturbing comment. It suggests that young consumers don't have a clear perception, or have a very different perception, of the economic value of music.

now there's music everywhere..[]...you can see people are engaging in it but there's almost I think... I'm sounding like that grumpy old man programme, but there's almost too much of it. So it's lost its value (Composer/producer)

How do I get the public to understand the value of music? Because they do love music. (Chairman, IFPI)

We think you (radio) can help us (record companies) in communicating to the punters about how to value music, how it should be positioned, about new music. (CEO, commercial digital radio)

These comments presume that the public need educating about the value of music. A very interesting test of consumer value occurred in late 2007, when Radiohead chose to make their new album *In Rainbows* available on their website, prior to it being released on CD, with the invitation that consumers could pay whatever they liked. The experiment attracted much media attention, demonstrating quite polarized views, both in regard to the bands intentions and to interpretation of its success or failure. It was reported that

approximately one third of people paid something, and of those who did pay, the average paid was around £3. Despite being widely reported as being available for free, there was actually a 45 pence transaction charge from the website, meaning that credit card details had to be given. On the day of its release 400,000 illegal file-shares (i.e. not via the authorized site) were made and this number had grown to 2.3 million after three weeks¹⁸, despite being available to people in an authorized way directly from the artist's site. The implication is that either 45p is considered too much, or that file-sharing consumers are by habit tied to their usual sources, and that any extra administrative effort is a deterrent from making an authorized purchase.

Some have argued that the experiment was a failure. Paul McGuinness, manager of the band U2, described it as having 'backfired'. Meanwhile Bono (U2's singer) described it as 'courageous and imaginative in trying to figure out some new relationship with their audience'.¹⁹ Others have argued that it was a 'success, contributing to the album topping the charts in both the UK and United States and a wildly successful worldwide tour'. They add 'when it comes to judging whether an album is a success these days, the old metrics just don't cut it.'²⁰ In comparison, my research participants were mostly sceptical about the experiment:

What's our album worth? Pay us what you think. Well it's all very well for these guys because they've already made their millions. I find it annoying when you've got people like Radiohead saying, pay me what you think the album's worth and all this. It's almost like a little.... actually they're getting great publicity out of it. [...] I'm quite surprised (with the numbers who paid for it). They've done quite well actually. (Composer/producer)

... we had the Radiohead experiment, which was a very interesting experiment, very commendable, very innovative, all of those things. The terribly sad thing was that so many of their fans and so many of the consumers still chose to steal it, for want of a better word. And that's really sad. When an artist had come out and said, okay, look there's a cost of a credit card,

¹⁸ Data from Wired magazine, July 31st, 2008

¹⁹ New Musical Express - June 24th, 2008

²⁰ Comments from Page and Garland, authors of a report on the experiment, reported in *Wired* magazine, July 31st, 2008

a cost of 45p, beyond that you can pay what you want. [] What that shows you is that free is an unbelievably compelling proposition and it's unbelievably price sensitive, because at 45 pence for an album it's too expensive if you're competing with free. At different times you read press saying, if only record companies didn't overprice things there wouldn't be a problem. What this showed was that's not really the issue. It's free. It's the availability of free. And if you can address the availability of free, then you have a different dynamic (Chairman, IFPI)

If the biggest competition is coming from 'free', the challenge for the industry is therefore to provide products, services and experiences which are better than what is freely available. I will return to this point in a later section which considers the implications for the industry.

Physical-visual

The second element of value decline is physical and, to differentiate it from the next category, I will call it physical-visual. The most tangible loss of value in the digital age is the physical packaging of music:

kids are not going to get the same buzz out of buying an album and seeing a great cover of the Santana album or something like that, and all the notes and the whole vibe of it and then going round to your mate's house and taking all your records with you and sitting there and everyone's playing records and the excitement of it...you'd read the cover and you'd look at it and it was like a piece of art and I remember then every record company had their own art department all coming up with great designs, and to me that was a whole stream of income that just went... went down the plughole, because people were collecting that. It was something you could get hold of. It was tactile. (Composer/producer)

Actually the value of physical packaging lies not just in its aesthetic aspect, but also in its informational aspect through the detailed notes which, pre-internet, was one of very few places one could get more information about the artists and the songs.

I want to see all the notes. I want to see who played them. I want to know who produced it. I want to know all the musicians. I want as much information as I would have had on a 12' album. You don't get it. You don't get anything. So then you just have to go on Google and use that, right,

who produced it and you have to go about it this way. To me it's insane. If you're going pay that sort of money, at least give you your money's worth. (Composer/producer)

The love of the physicality of the music product tends to be a nostalgic concern of the older participants, and, according to this participant, this value had already mostly been lost when vinyl LPs were replaced by *this bit of non-collectable piece of crap plastic (the CD) which you might as well put in a brown paper bag because you can't see anything.* Nevertheless, others do see continuing value in the CD package:

People do still want beautifully designed proper things of artists they like...very very informative booklets. They don't mind paying extra for that [] It's great that Radiohead have done a £40 box set because that's what the fans want. (Independent producer/A&R)

Physical-aural

The third element of value loss is physical-aural. Improvements to recording and playback sound quality are generally acknowledged to have been a primary driver of growth in the recorded music industry from its very beginnings over a century ago. Up to and including the launch of the CD format, the marketing of both content and equipment had persuaded consumers of the necessity of having the finest quality hi-fi sound. Yet in less than a decade, this hype seems to have largely evaporated. There is relatively little concern around the consensus view that the most popular compressed digital file formats such mp3 and iTunes' AAC are notably lower than CD quality:

I think it's a few of us have cared about sound quality, but when I was a kid I had a medium wave radio. That was fine for me. It's probably the same as that. Singles never sounded that great, albums didn't. I mean... I don't like the sound of MP3s personally, but other people don't give a monkey's. They just want to hear the song. (Independent producer/A&R)

the record industry maybe thought, 'well you know, Christ, we sold it (the CD format) on higher quality. How can we possibly go back and say, if we compressed it to a tenth of the size of its original thing it will be fine?' (Music service provider)

Reduction to merely acceptable quality sound has seemingly been a small sacrifice for the consumer compared with the benefits of storage capacity, portability and ‘shareability’. In any event, the industry has been spared potential criticism for previously overselling high quality sound to those who either couldn’t detect or didn’t care about it, but as CD sales continue to fall, the true cost of relinquishing ‘hi-fi’ as a marketing angle may ultimately be measured in the devaluation of recorded music altogether.

Honey-trap

The fourth and final category of music devaluation I’ve called ‘honey trap’. This metaphor refers to the exploitation of music in order to sell other things. The best example is the iPod:

...so Steve Jobs has come to market and he has invented an incredibly clever device and he uses something called iTunes as a store, basically as a honey trap for people to...you know, to buy the iPod. (EVP/CFO Universal)

You can see Apple, growth of profits, billions of pounds out of an iPod, which wouldn’t do anything about music. How sad is that? You know, it’s wrong actually. And that’s where I have a sympathy with the recorded music. They’ve made billions and billions out of this stupid little device that would have done nothing without the content. (Music service provider)

Music is a diminishing component, but you maybe use it for selling small electronic devices (Former CEO, HMV)

I’m in danger of saying too much about the iPod, even though references to iPod and iTunes were amongst the most frequent words used by participants (an average of 14 references per conversation). Despite Apple’s boasts about the billions of songs it has sold through iTunes, they represent only 3% of the songs carried on iPods (Jobs, 2007). Similarly, Apple’s profits from the songs are only a tiny fraction of the profits from the sales of the iPods. There is no doubt therefore that, in economic terms, Apple is a consumer electronics manufacturer more than it is a music retailer, and consequently has every interest in keeping the levels and structure of music pricing as attractive to the consumer as possible.

But the honey-trap metaphor applies to many other channels of music distribution, such as heavy discounting by supermarkets (*... it must be almost like a loss-leader for them isn't it?* Head of interactive music, BBC), and most notably the mobile phone industry:

I think the telcos view music as nothing other than a honey trap to get their customers (EVP/CFO Universal)

Music is a big selling point to them, I mean that whole Vodafone offer this Christmas with MusicStation, that was basically Vodafone's only piece of marketing for Christmas was Music Station. (New media financier)

And maybe artists feel that they're being undervalued and there's a level of arrogance there. I am sure there is. But you know, if you said to Justin Timberlake, you know, your tracks are fairly worthless but what they're pretty good at doing is selling more mobile phones for Nokia, I am pretty sure he wouldn't necessarily like the sound of that ...[] I think music is a very powerful way to... I suppose the question is, I'm trying to answer my own question, but is it a... is it now just an add-on, just something that's given away in order to get something else which is of more value. (Head of strategy, Orange)

There were many more examples of music being referred to as a marketing tool for other things. I will return in particular to the relationship between the music and mobile phone industries, but for now let me move on to new value opportunities.

New value opportunities

I have similarly grouped the discussions relating to new value opportunities into four headings:

- live music (including the 360 degree model)
- the subscription model (including flat-fee licensing)
- the advertising-funded model
- integrated mobile phone services

Live music

One of the more interesting phenomena commented on by many of the participants was the opposite fortunes of the recorded and live music businesses. Whilst the market for the former has fallen, the latter has grown by a similar proportion²¹:

It's amazing. Actually it's a real phenomenon. It really is. And I keep wondering whether it's a bubble that's about to burst and people are going to go, 'sod it', you know, '£60 for a ticket which is going to last an hour and a half and I don't have anything to take home with me?' But what'll happen is, you know, there will be models where you go to the gig, you pay your £60 and at the end of the gig you get a copy of the gig to take home so it's more of an attractive proposition...didn't Prince give a copy of the album away with the gig ticket price? (Head of interactive music, BBC)

We were talking about paying for music, and one of them (16 year-old in a focus group) said, 'why would I pay to listen to an advert? I wouldn't pay to watch an advert for a car, so why would I pay to listen to an advert for a band?' And they all started nodding furiously. And the perception is that the recorded performance is the advert for you to buy the t-shirt, or go and see them live. And that's part of the value chain. [] The world of paying just for straight content is over. (Head of digital, major record company)

The only thing that has got any special quality now is to actually go and see a live thing. Which is fascinating when you think there was a time, not too long ago when, if you could put a tour together you were probably going to lose money. It wasn't that long ago that bands played in pubs and paid to play. [] That makes it even funnier still, you know. It's pure promotional. Albums are purely promotional now for a lot of these acts and their merchandising and live gigs... so the music's become an add-on. (Composer/producer)

I think people are so fed up with electronic entertainment, computer screens and all the rest of it they just want the taste of the real thing, I think, you know,... the moment. I think there is an excitement through seeing something live... (Independent producer/A&R)

²¹ The UK live music market has increased by one third since 2001 according to Mintel.

Record companies still list 'tour support' as one of their significant items of promotional cost. This indicates that, for many bands, live revenues are not sufficient to cover the costs of touring, and that promotional benefit of a tour still makes sense when measured by the increased sales of the recorded music. The growth in live performance at the expense of CD sales in aggregate therefore seems ironic, but is underlined by the growing number of both older and younger artists (e.g. Prince, McFly) who have chosen to give their CD away free for promotional purposes, underlining the point that the acquisition of the physical album no longer has scarcity value, and that the live experience is the only source of that *special quality*, or *the real thing*.

The 360 degree model

Sanctuary Group...is perhaps the model for the music company of the future, with 360-degree participation of all the related revenue streams meaningful to artists... This strategy is paying off and positions them as a potential long-term survivor. They are filling the vacuum left by the major labels with a more enlightened business model, based on a philosophy of artist management.
(Kusek and Leonhard, 2005 p.113)

The diverging fortunes of live and recorded music have led to much discussion around the so-called '360 degree' deal, whereby record companies extend their contractual rights with artists to include a share of their live performance, merchandising and all other revenues:

It seems to me as though, if the record industry promote an artist, it's not unreasonable for them to get some part of the concert revenue, merchandising revenue... what's its name called? The 360 type thing (Music service provider)

Though some people find this logical and fair, it is fundamentally changing the traditional terms of revenue division between artists and record companies, often without the record companies providing an extra service. The record companies argue that they can no longer afford their previous generosity,

I think our competition [other record companies] have a different view which is...you still write the big marketing cheques. Then in order to help finance those marketing dollars you are

requesting that your artists give you a percentage of their earnings from other activities. I think that's wrong, because I think if you ask somebody for a participation for something where you do not provide a service, I think they view that as stealing. (EVP/CFO Universal Music)

whilst the artists or their managers argue that, contrary to this claim from Universal Music, nothing is being provided by the record companies in exchange for this extra revenue:

The indies [independent record companies] are no better placed to become 360 degree models than the majors. (Artist manager)

Sanctuary, an independent music company and pioneer of the 360 degree model, ran into financial difficulties, and in 2007 was bought by Universal Music:

By snapping up Sanctuary, Universal has now got its hands on a whole new set of artist services, effectively grabbing a bigger slice of the music pie. Record companies 'never traditionally had a slice of all of the cash an artist made - just a share of their recording revenue', says Andy Gemmel of Big Print Music. 'The label generally created the artist, therefore that's a bit unfair'. Industry talk suggests that Universal's takeover of Sanctuary will force rival majors EMI, Warner and Sony BMG to actively seek out new revenue streams.

BBC News 13 September 2007.

Just as record companies are trying, so far mostly unsuccessfully, to extend their rights and their businesses to incorporate live and other revenues, so the live music promoters and corporate sponsors are trying to become record companies. Live Nation is a very large concert promotion company which has been in the media spotlight through 2007 and 2008 due to its strategy of acquiring the recording rights of some superstar artists.

A fierce battle has broken out among top executives at Live Nation Inc. over the concert-promotion company's ambitious strategy to reshape the struggling music industry by making wide-ranging but expensive deals with artists such as Madonna and Jay-Z. The battle is over the limits of that strategy, in which Live Nation has pledged hundreds of millions of dollars to a handful of performers in return for exclusive rights to release their recordings, promote their concert tours and sell T-shirts and other merchandise bearing their images

Wall Street Journal June 12, 2008.

With some artists entering into contractual relationships with fashion, cosmetics, drinks, phone and movie companies, the Live Nation strategy of owning the complete brand is a very interesting development. I will return to this theme later because it goes to the heart of the question of identity and the associated obstacles to collaboration and survival.

The live music business is in many ways the easiest to talk about as an opportunity for record companies because it is highly visible, generates clear revenue streams and is so closely related to their existing business. It is however a mature business which, despite its recent growth, is unlikely to be able to satisfy all of the stakeholders competing for a slice of the music ‘pie’. The pie metaphor is a common one in strategic discourse. It refers to the way in which economic value, in a deal, business activity or market, is shared amongst participants. A relevant example of its usage can be seen in a recent blog which refers to a meeting of US music industry lawyers to discuss the 360 degree model:

Fred [*an artist lawyer*] asked Rand [*a lawyer at a US record label*] if Interscope was a pie-slicer or a pie-baker. (Lefsetz, 2008)

The Lefsetz letter is a well-known blog commenting on the US music industry, and one research participant (the artist manager) was of the view that it is *read by all the heads of record companies*. I quote it here because I think that the metaphorical distinction between pie-slicer and pie-baker is relevant. In pursuing the other (non-recorded music) revenue streams of artists, record companies are focusing on existing, mostly traditional economic models. In this sense, they are re-slicing the pie to give themselves a bigger share. Fred’s question is important because it implies that record companies could bake new pies; that is to say, find new business models which will generate incremental economic value from music, rather than resorting to taking existing money from the pockets of their artists. This challenge is acknowledged by one record industry participant in response to getting into the merchandising business:

I think the whole thinking here has to be to grow the size of the pie, otherwise there’s not any real point in doing it. (EVP/CFO Universal Music)

Baking new pies

Pie-slicing could also be described as being synonymous with a *zero-sum game*, where the winner's gain is exactly equal to the loser's loss. The latter term is used by the corporate strategy manager at Nokia to describe the relationship between the music and the mobile phone businesses, and in particular his view that no new value is being created by the collaboration. There is an enormous amount of public discourse on this subject of how to create new value, or in Fred's words, bake new pies. I will start with the solution which most participants agree represents the best economic model for the future of music, the subscription model.

The subscription model

I think that model will win and I don't know if it's 5 years or 10 but I think it will ultimately be the way that we consume music will be by subscription. And I think it'll be mainly by mobile subscription.

(New media financier)

...things that people particularly need to be looked at are things like the subscription models which seem to be almost the most talked about future model. (Artist manager)

Paid music subscription services, well I'm going to be optimistic and say, if the record labels get it right, then actually they could be a clear winner. (Head of interactive music, BBC)

...where I think there is optimism for the future is, I do believe that the future of the music industry will come back.. the good fortunes will come back through a subscription model. That's where I think it will end up. (Chairman, IFPI)

I've always been a believer in subscription... (EVP/CFO Universal Music)

The basic premise of the subscription model is that, for a periodic fee (e.g. £10 per month), consumers have access to a complete library of all the music ever made digitally available by record companies. As long as they keep paying, the access remains; once

they stop, the access is closed. If the only users to take subscriptions were users who were previously buying two CDs per month, and who then stopped buying CDs as a result of the subscription, the model wouldn't generate incremental value. But the economically attractive thing about subscriptions is the hope that they can become, like cable or satellite TV, a default lifestyle necessity, a 'utility', a 'must-have', and a non-discretionary cost in the household budget. In aggregate, more people will pay for subscriptions than were actively buying music before, and many will continue to buy music (CDs or downloads) on top of their subscription. Most subscriptions (when adopted on a mass scale) will in effect be under-utilized. As a result, there is incremental growth in the music market and a new, or bigger, pie is baked.

Or so the theory goes. In practice, the two most remarkable things about the music subscription model to date are its failure to deliver and its ability to keep people hoping. Many have been convinced by the argument since 2001 when Rhapsody, the first mainstream commercial subscription model, was launched in the US. Rhapsody, and similar services such as the reformed Napster, have had modest success, but their revenues are only a small fraction of digital download models such as iTunes. Nevertheless, consumer research and anecdotal evidence keep the hope alive.

Picking up the domestic utility quote above, another participant makes reference to music being like water:

If music is much more available and accessible and there's sort of a... division of music like water,... Gerd Leonhard and others... make it much more accessible then there's just going to be much more activity related to it. (Corporate strategy manager, Nokia)

Music-like-water became a widely-used term following the publication of Kusek and Leonhard's (2005) polemic, *The Future of Music: Manifesto for the Digital Music Revolution*, whose opening chapter is entitled 'Music like Water', though they attribute the analogy to David Bowie in 2002. It is a variant of the subscription model, and as an argument it is very convincing. The authors, and other anti-recorded music industry

writers, claim that the industry is vehemently and ideologically opposed to the music-as-water proposition, ‘fighting it tooth and nail’ (p.8). But, as evidenced by the participant quotes above, the industry is, and has for many years, been convinced by a utility-type model. and Kusek and Leonhard’s claim seems either misinformed (being confused with the industry’s anti-filesharing efforts) or deliberately misleading, in order to suit their overall argument that record companies are closed to any new models. The more plausible cause of the failure of subscription models to capture a bigger share of digital music consumption can be found, ironically, in the vision of the future (2015) described at the end of Kusek and Leonhard’s first chapter. They foretell of the Universal Mobile Device (UMD), which is every imaginable piece of portable consumer electronics equipment rolled into one, with no constraints on storage capacity, format, bandwidth, network access, licensing or usage. Everyone has one, it’s fast, simple to use, and ‘only a little bit larger than a cigarette pack’:

It took ten years for the device makers, software providers, and entertainment companies to agree on a voluntary compulsory licensing scheme, but now the content makers make much more money than did before UMDs were around.

(Kusek and Leonhard 2005, p.16)

The most frequent attribution of failure of subscriptions is that, to date, they have not successfully incorporated a solution which facilitates portability, i.e. one that integrates with an iPod, mp3 player or phone. Consequently, the music service can only really be enjoyed from a computer. This constraint may have less to do with technological capability than with the collaborative challenges between device makers, software providers, entertainment companies and media providers referred to above.

Although all parties have much to gain and to lose in such a negotiation, the music industry is not the one most at risk, and there is a view that the main obstacle to the subscription model has been Steve Jobs:

Researcher (JW): *if Steve Jobs had chosen last week to announce, rather than movie rentals, a subscription model on music...*

Head of digital, major record company: *Suddenly the world would change.*

Jobs' has been publicly clear on his view for many years as this extract from an interview he did with *Rolling Stone* magazine in 2003 illustrates:

they're (record companies) fairly vulnerable to people telling them technical solutions will work, when they won't [] because of their technological innocence. [] At first we (Apple) said: None of this technology that you're talking about's gonna work. We have Ph.D.'s here that know the stuff cold [] We said: These [music subscription] services that are out there now are going to fail. [] Here's why: People don't want to buy their music as a subscription. They bought 45's; then they bought LP's; then they bought cassettes; then they bought 8-tracks; then they bought CD's. They're going to want to buy downloads. People want to own their music. You don't want to rent your music -- and then, one day, if you stop paying, all your music goes away. [] It's cheaper to buy, and that's what they're gonna want to do. They (record companies) didn't see it that way. There were people running around saying: No, we want a subscription business. We (Apple) said: It ain't gonna work. **(Goodell, 2003)**

Jobs makes a swift leap in this interview from a technological argument to a consumer-adoption argument, and on both counts he is dogmatic in his pronouncement of doom on the subscription service. Rumours of Apple launching a subscription service still appear in the press and blogosphere, but four years later, as Apple launched the iPhone and entered the mobile phone market, which embraces both subscription and 'pay as you go' pricing models, Jobs was asked whether his view had changed:

'Never say never, but customers don't seem to be interested in it,' he replied, 'the subscription model has failed so far.' **(Anderson, 2008)**

It may be fruitless to dwell too long on the rationality of the question of whether consumers want to buy music, rent it, or have it supplied as a utility:

there seems to be some piece of consumer mentality around, anything I get online is free. Now whether... and I certainly think that's the problem with a 'pay per view' or 'pay per access' type model. I think, up to a point bundled content or services under the form of subscription may be easier to sell to people. You know, maybe we will view music a bit like a utility where you pay a sort of annual fee and you have a sort of 'all you can eat' type approach and as you know, if you look at the size of the market, actually you wouldn't need to get that many people to pay that much money for that to be quite viable.[] If I was behaving rationally a rental model would be much more in my self interest rather than an ownership model. But I don't think consumers think and act that way. (Former CEO, HMV)

The subscription model may be stalled for the moment, but in the meantime, a variation on the subscription model which seems to be gaining more momentum is the flat-fee licensing model.

Flat-fee licensing

The ‘music like water’ analogy leads one step further to another way of trying to resolve the problems of the music industry:

The only business model I see that has any success... I'm a big fan of ...Jim Griffin. I don't know if you've come across him. Industry pundit. He has been spending a lot of time around this flat fee licensing.

(Corporate strategy manager, Nokia)

Jim Griffin describes himself as ‘dedicated to the future of music and entertainment delivery systems, and works as a consultant to absorb uncertainty about the digital delivery of art.’(Griffin, 2008b). He has drawn much media attention in 2008 through his work on brokering a deal between internet service providers (ISPs) and music companies. His proposal, as reported, is to collect music fees from consumers via their ISP bills, essentially by charging a single flat fee to all internet users, irrespective of whether or not they are music consumers. It may even become invisible to the consumer by becoming wrapped up or hidden in the ISP’s connection charge, at which point it becomes simply a negotiation between ISPs and music companies over what level of compensation they require for unrestricted licensing of music content. This might sound radical, but not if one thinks of the radio model (outside the US), where broadcasters pay a share of their revenues (e.g. advertising) to the record companies for a similar license, and the consumer is unaware of the cost. Griffin’s idea is commonly associated with Harvard Law School professor William Fisher’s (2004) book *Promises to Keep*, which takes the flat-fee licensing idea to its logical conclusion by proposing the complete removal of copyright, to be replaced by a government-administered reward system involving free-access for consumers, though funded through general taxation.

Griffin's proposal (or something like it), is just one of the potential solutions which the UK government has in mind in brokering a memorandum of understanding between the ISPs and music companies. The government intends that these negotiations result in a bigger pie through protection of 'the growing success story that is Britain's creative economy' (Dept.BERR, 2008b). The upside is based on the same thinking as the subscription theory described above, and the success of a ubiquitous offering will be highly dependent upon ISPs, who inevitably will want economic terms from the music industry which make it worth their while. These will be risky negotiations because public acceptability and consequent consumer behaviour patterns are unpredictable. Griffin's proposal has been described as 'an ISP tax', an 'extortion scheme' and a 'piracy surcharge', indicating the emotive language which will be used in the debate. The dilemma is illustrated by Lord Triesman, a research participant who at the time of the interview was the government's first minister explicitly responsible for intellectual property²². On the one hand he believes that the radio model of paying over a share of advertising revenues might be worth exploring:

Most of the internet service providers and certainly the search engines now are very heavily reliant on big advertising revenues. There may be an appropriate levy against that as an income stream.

However, there is a distinction being glossed over here between network service provider, and provider of other gateway services associated with ISPs. If the solution is that ISPs include a music service within their monthly subscription charge, the principle becomes similar to a copying device levy. Yet earlier on in the interview, he gives his opinion, as a minister and as a consumer, on the unfairness of charging for things that people don't use, in the context of another proposal to charge a copying levy on digital devices:

²² Ironically, he took a call from the Prime Minister (Gordon Brown) during the research interview, to notify him that he was being removed from his position in government, though he did continue the interview.

it would be pretty wildly unpopular here because there would be a number of people, and I actually, you know in a personal sense might be one of them, who doesn't use the fact that you can connect up bits of your hi-fi system to shift format. I use the different bits for the different things that they originally did and not out of fear of law actually. It's just as it happens how I use it. And generally speaking I don't think you can charge people for something they may never do. Somebody said to me the other day, 'but I pay my local council tax and I don't use all of the services'. And I said, 'the reality is that I'm making a big contribution through my council tax to schools. I haven't got any children in schools but I understand the importance of education in general for the benefit of everybody including me. If you want anybody qualified to do any of the jobs that I might rely on that's the way you get it.' It's not the same as playing a piece of music and nobody will ever see it as the same.

The difference in political acceptability between the advertising levy and the device levy seems to be primarily one of remoteness/visibility of cost, and this leads into the next area of new value opportunity, the advertising supported model.

The advertising-supported model

Economically speaking, the subscription model is easy for business strategists to embrace because it is already a proven model in other media, such as TV and print. Another proven media revenue model is advertising. In the two most influential music markets, the UK and the US, it's easy to forget radio as an important advertising revenue source, despite the fact that radio is a primary mode of promotion and consumption of music. In the UK, this may be because the BBC operates on public license income without advertising, and in the US because radio stations do not have to pay anything to record companies for the use of their recordings. In most other parts of the world however, (including UK commercial radio, and maybe soon in the US), radio stations pay a proportion of their advertising revenues to record companies.

Referred to as the 'ad-supported' model, or sometimes the 'free' model, reflecting that it is free to consumers, record companies have been experimenting with licensing music and videos to internet sites for some years. Compensation is generally in the form of

share of advertising or other service provider revenues, with guaranteed minimums. The music is streamed, meaning that consumers cannot obtain permanent copies on their computers. The offering to the consumer is marketed on some combination of discovery, recommendation, sharing and social networking, and, from the record companies' point of view, the thinking is that the promotional value of this usage is greater than the value of potential lost sales. Many internet businesses were launched on the promise of advertising revenues which have subsequently failed to materialize on the scale projected. One participant explained that when he was at Yahoo there were 60 million music streams per month. This sounds like an impressive number, but he went on to explain that with a CPM (tariff) of \$50, and a click-through of 0.3%, this converts to advertising revenue of only £5,000 per month, which is less than one penny per song streamed.

Other popular examples of ad-supported music referred to by participants are MySpace and LastFM, though their revenues are modest:

MySpace music whilst it has a great importance in music, most of what people are doing on MySpace is social networking and then kind of consuming content second or taking content and kind of making it their own and creating their identities online with you know, music and video and adding it to like a richer profile experience. There isn't a whole lot of revenue there yet for anybody.[] ...the expectation of free is alive and well and definitely isn't going anywhere. I think that that's never going to change anymore.

(SVP Marketing, MySpace)

I've been speaking with Michael Breidenbruecker (LastFM founder) quite a lot about LastFM and the stuff he's doing now, and he I think completely gets it as a concept, because music recommendations is just one element of life recommendations, which I think could be a big growth area. (Corporate strategy manager, Nokia)

Both MySpace (News Corporation) and LastFM (CBS) have been purchased by global media companies for the strategic and synergistic value of their millions of users, rather than their current cash-flow:

...CBS executives quoted saying, 'well, this is of course our plan when we bought LastFM', so these are CBS people working in television and all they're thinking is, 'music? - nobody pays for it. We don't need to pay for it. Great. Excellent. How can we get people to come to ours? Oh, I know. Make it on demand. Put some advertising around it. Like telly, yeah, we know about telly, so let's just do that'. So they go the same way. So they end up doing the same thing. To be honest I'm really not claiming to be a genius because that's all that would occur to me is that you stream it for free and you ad-support it but it's not terribly radical. (Head of digital, major record company)

In spite of some sporadic excitement about ad-supported models, the music industry is treating it as just another media channel with a primarily promotional value. By contrast the Nokia corporate strategy manager saw the LastFM model as having much greater potential in a mobile phone context, which takes us to the fourth category of new value opportunity:

Integrated mobile phone services

I think there's a huge future in digital lifestyle management, DLM. [] the person then who would be choosing my music for my holiday or my party or... I'd love to be able to go to Liverpool and have my phone take me on a musical walkabout and play the music each time I go past a venue that is relevant to the musical legacy in some way. (Corporate strategy manager, Nokia)

His vision is not actually an ad-supported one, but one where music can be incorporated with other services relevant to the mobile consumer and be used to support the long-awaited promise of the third generation (3G) experience:

To me the value-adding services are going to be around things like context and location and having the extra ability for me to get relevance out of the service that you're offering. [] it (the business model) can't be based on trying to monetize bits which are extremely difficult to protect against. It has to be around layering at a higher level of value and the higher level of value is things that are much more personal and much more immediate and much more relevant. And so that's why I think the mobile device becomes a real tool for the music industry to go: okay we can

actually start to get much more value. We can start to help improve the experience of music because we can't be based on just delivering the bits and expecting the same amount of money. (Corporate strategy manager, Nokia)

This value-shift section ends with mobile phones because, as illustrated earlier by the daughter of the IFPI, this is where the consumer seems most comfortable spending money. Mobile phone companies have a number of attributes which lend themselves to music distribution. One is the ability of handsets to compete as digital music players, and a second is the immediacy with which consumers can satisfy spontaneous purchase decisions 'on the go'. This is particularly notable amongst children:

there's almost a level of showing off that people... you know, I've got this track before you (Head of strategy, Orange)

They're able to pass it on to their friends quicker than they've ever been able to and I think capturing that excitement is a great thing. (Artist manager)

It's absolutely immediate. It's in the school ground, you know, it's right there (New media financier)

A third attribute is the ease and efficiency of the billing system, and a fourth is that mobile networks are tightly controlled, preventing unauthorized copying. In addition, as they expand into internet broadband services (as Orange has done), mobile phone companies can provide integrated mobile and online services. An example of this in music is the dual download which gives consumers the song on both their phones and their PCs simultaneously.

The early prospects looked good for music on mobile phones when the market for personalized ringtones grew rapidly (to over \$4 billion in 2004 according to Wikipedia), in spite of the fact that these 30 second clips cost up to three times more than their full-track equivalent. This appears to have been a transient phenomenon, and the ringtone market is now in decline. The £23 billion auction in 2000 of UK 3G spectrum was based on the assumption that mobile phone consumers were prepared to pay a premium for convenience and services such as music consumption:

just offering voice is not good enough. Going forward it's going to be much more customer focused. Youth want this, you know, young adults want this. Older adults want this. (Head of strategy, Orange)

Orange spent £4.4 billion on its 3G licence in 2000, and he admits:

we were ahead of ourselves [..] there was a level of naivety there, which looking back on it, we'd spent too much money. We didn't structure the deals correctly. We had no understanding of what...no real understanding of what the customers were going to use it for.

8 years later, the music and mobile phone industries are still struggling to find solutions for music on phones:

It (music) is in the package, it's a key component, but you're not going charge by track or it's not going to be split out as a line item in the tariff, it's just there, you just get it, which is what you're going need if you really want to penetrate the mobile market. Then that sort of conversation I think needs to take place, because you're actually giving your crown jewels over to another business and then you're relying heavily on that other business to maximize it. (Head of strategy, Orange)

You go and talk to Vodafone and their opening line is, 'you've got to bear in mind that we're the 800 pound gorilla in this relationship'. So when everyone tells you that... you know, I never liked bullies since I was at school, so tell them to fuck off and then you know... So the reality is that they are basically a telephone company. You know, they're nothing other than a distribution platform, nothing other than that, and if they want to be something different then they're going to have to come up with a different strategy. (EVP/CFO Universal Music)

The record majors take a pessimistic view of mobile phone companies' ability to embrace content:

...the Oranges of this world, they're just pipes. And you should not see them as more than that. []... they have a cultural block. They're not going to be able to do it. You'll have to provide the content to them. And hopefully the technology is moving quickly enough that you know, you'll have broadband and mobile. And they'll go back, even though they've never really come out of that, to what they are, a pipe. They will supply. And for as long as they get their bits of information and get paid on there they will. I do not expect a proactive strategy from out of the mobile operators. What is more intriguing is the Nokia approach.. trying to provide dedicated

service and exclusive services to their handsets. Will that work? There also you have a huge cultural divide. (Former CEO, EMI)

Everyone has got a view about what we should and we shouldn't be doing... you've got everyone from Nokia to Vodafone to every Tom, Dick and Harry all thinking now that they're music experts and they ought to be in the music industry, which is wrong too because they can't cut it. They just can't. (EVP/CFO Universal Music)

The collaborative failure may have something to do with the fact both industries have products valued by customers and businesses built on exclusive control of distribution:

Researcher (JW): *You can control your world far more than any other sort of media operator.*

Head of strategy, Orange: *Oh God. We talk about it as if it's the same thing. It's not. The mobile phone network is a very proprietary network, far more so than the fixed (line internet).*

Researcher (JW): *It's always struck me as ironic that, given that you've got two industries which actually do respect control...having control over distribution, that it has been so difficult to talk to each other in a sense.*

Head of strategy, Orange: *That's a very good point actually. I don't think the conversations we've had have been at the right level. I think now is a...probably the right time...yeah.*

There are some grounds for hope that the relationships are improving. In the past two years, with the growth in 3G mobile phone subscriptions, the number and sophistication of music offerings on phones has increased. One of the most talked about is Nokia's 'Comes with Music', whereby a Nokia handset comes with free access to a digital library, and to date most of the major record companies have signed up to it:

our bet is that these handsets, that these devices get replaced annually and on the basis of a handset getting replaced annually, every time a handset gets replaced we will get paid.[]. But you know what, it's an experiment. They're (Nokia) doing it in a big way with a large number of handsets, in certain countries to begin with, with a massive marketing campaign. You've got to bet with them. It's worth the bet. It's worth the experiment. (EVP/CFO Universal Music)

This is just one example of the dynamic, and possibly confusing, media and communication choices with which the consumer is faced. The retail and wholesale

pricing relationships between handset, call-tariff and content will continue to trigger complex negotiations between handset manufacturers, mobile operators, and the music industry as they fight for the power to define value.

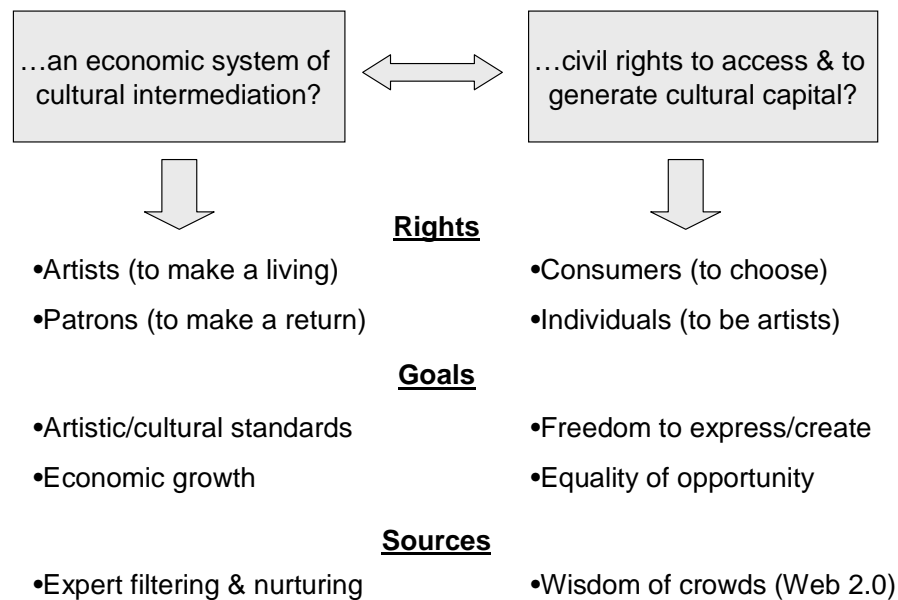
Having outlined the areas of shifting values, the next section pulls together alternative and competing themes of protection.

5.3.3 Custodial tensions

In using this heading to group diagnostic themes, I am drawing from its definitions of *safe-keeping, protection, care, and guardianship*. Its definition as *imprisonment* is only indirectly and ironically relevant in the context of record industry policies. A key question, to which I will return in the section on constructs and identities, is ‘against what or whom is protection being sought?’ Before that, in this section I present edited extracts of participant text to illustrate the various claims for protection. The custody theme is characterized by polarities, tensions and dilemmas which are summarized in Figure 6.

Figure 6 - Custodial tensions

How to protect...



In illustrating these tensions and dilemmas, there are two connected questions which draw out apparently conflicting views of culture and human nature. The first one refers to *cultural custody*, such as the patronage of artists, and the guardianship of the cultural legitimacy of art, fashion and taste, versus the protection of individual freedoms to enjoy, create and express. The central question here is: ‘who should influence the music choices

which we can enjoy?’ The second element refers to *economic custody*, such as the protection of recordings, files and assets, and the control of distribution channels. Here, the central question is: ‘to what extent can we be trusted not to take something without paying for it?’ or ‘how can you get people to pay for something which appears to be available for free?’

Some participants maintain a consistency of argument on one side or other of these questions; others jump from one side to another, as one might expect with dilemmas which have been the source of so much unresolved disagreement. What follows are some textual examples of the various arguments. In order to give prominence to the text, they are presented at this stage with minimal commentary and critical analysis.

Cultural custody

So why EMI is fucked is not only because of their snobbish view on records. You know they wouldn't sign Leona Lewis who's gone on to sell the biggest selling debut of all time because she's a TV reality star and (EMI executive) doesn't want TV reality stars []...The (the music market) is no longer now decided by 3 or 4 blokes in a meeting carving out between them.[].. those record companies are run by, and this sounds like my old mantra, white, bald, probably protestant, possibly labour voting, heterosexual men and you know, you cannot have an industry that doesn't appeal to...[]Everyone that buys the product are not those people, by and large, you know, so it's dominated at almost every level by those people. That's when I knew that it was not going to succeed going forward and you're right...democratization, you're calling it... how can it be with those people at the top? EMI just signing middle class boys that went to public school playing guitars. I mean, who cares? You know. But they do because it's clearly for them, you know.

(Independent producer/A&R)

This quote colourfully captures a view that the traditional role of record companies as cultural intermediaries is becoming obsolete. The participant argues that the major record companies have lost any cultural legitimacy they may (if ever) have had, through

complacency and lack of diversity in their management. A possible response to this situation can be illustrated by the corporate strategy manager at Nokia as being as the promise of plurality from technology-enabled diversity:

I don't really trust in any one person or company to do the job of the thousands, and I think... nobody is as smart as everybody. [] I would rather have... an identity here which I can plug in if you like into an open system where it can be, 'oh, I've discovered that I actually do like things that have elements of bluegrass and a bit of this and a bit of that a bit of the other'. And then just throw it out into the web 2.0 world and see what sticks.

I think there's a huge market for sort of 'curator commerce', people who are looking for help in the... [] there's so much choice and so many confusing decisions for individuals that they're looking for a trusted guide, a curator. [] It's much harder to have the recommendations as a sort of single bottleneck point in the industry which it has been in the past.

And it might be that one of the metrics that you then have as a parameter to search on is what's hot, i.e. what do other people like, and so that's just a function of how you set up your algorithm for delivering the results. And it might be: 'I don't care about anything except what's in the top 40'. Then that's fine. But if you say, 'that's fine, but hold on, I went to Portugal last year so give me a tweak of that too', that's what I see as the curator commerce point, which is, I am a concierge, becoming much more under my control rather than your control. But the results are still going to be trusted quality music that I like and is arguably of benefit to society.

The desirable world he describes indicates a number of views and assumptions. He acknowledges that consumers need help with their burden of choice, and that such help should come from a trusted guide. Despite his use of human role-based metaphors of *concierge* and *curator*, his preference is for technological over human expertise. He doesn't trust existing cultural intermediaries (record companies), which have been a 'bottleneck', constraining the free flow of repertoire from artist to consumer. His suggested solution combines collective consumer experience and behaviour (the job of thousands) with technology (algorithmic search using preference data supplied by the consumer) to provide an automated service for music recommendation which is under the

consumer's control. He assumes that music will continue to be produced and made accessible in ways that these sophisticated algorithmic processes can detect.

His phrase 'nobody is as smart as everybody' is reminiscent of the concept of the 'wisdom of crowds' (Surowiecki, 2005). His remarks illustrate that this participant's discursive repertoire draws from what I will call a 'web 2.0' discourse. This refers to those communal and ecological features of the internet which 'enhance, creativity, information sharing, and, most notably, collaboration among users' (Wikipedia). Wikipedia is itself the epitome of the web 2.0 discourse. The web 2.0 discourse features heavily in this conversation, evidenced by the participant's description of Nokia's music strategy as: *helping people discover new music and getting that music to them and helping them connect with their friends and share experiences*. He acknowledges that Nokia does not have the musical expertise to do this, but believes that technology, combined with user experience, can create a more pluralistic offering to consumers than the traditional A&R process, and that society will benefit as a result.

The Nokia manager was one of the younger participants. The web 2.0 discourse was also prevalent in the conversation with another of the younger participants, the SVP of marketing at MySpace.com:

over the last 10 years, like, the whole business of consumerism has gone much more into the hands of the consumers... instead of, like, mass media being able to like pelt you with, you know, an idea, like, a consumer has so much more control.

I mean, I think that there's always like two kinds of artists. There's artists that like are kind of manufactured [] and then there's artists who are more talented and who are artists...[]. I think labels still are really great at delivering that kind of (manufactured) stuff. I think that the benefit (of MySpace) has really been for the, you know, more alternative, the quirky... you know MySpace definitely, especially with you know, radio just being more and more kind of homogenous and MTV not really being a music channel anymore. You know MySpace really became the only place that so many... there's huge audiences for bands that some people have never heard of.

MySpace, she claims, has a similar pluralizing social benefit, countering the homogenizing effects of record companies and radio. It empowers the consumer to choose what to listen to, rather than being ‘pelted’. It also levels the playing field by giving equal access to all users, thus encouraging ‘alternative’ and ‘quirky’ artists who would otherwise find it impossible to get an audience.

By contrast, a third young participant, who was also well versed in the discourse of web 2.0, takes a different line on the wisdom of crowds:

I just see too much content and too much content without accurate surfacing for users is bad, and is noise, and you need to get away from noise. And actually the self-fulfilling prophecy is that to get away from noise you go to recommendation. As soon as you get to recommendation you need trusted sources. And trusted sources aren't your peers. The world doesn't rely on its peers. The world relies on experts and as soon as you have experts recommending then it's not very long before experts think, well, I'll take a cut of the revenue and suddenly you start to recreate, and that's not necessarily a bad thing. So a good scenario is that the agents that surface quality content participate in the exploitation of that quality content.

(Head of digital, major record company)

This quote is from the only participant who chose to remain anonymous. S/he had recently joined a major record company as head of digital, having previously worked as European Director of Entertainment at an internet service provider. Whether or not this view was held at the previous employer is difficult, if not impossible to say, though I did sense that s/he was experimenting with rhetorical statements to test their impact. A ‘good scenario’, i.e. that expert agents who ‘surface quality content’ should participate in its exploitation, clearly sits well within traditional record company sense-making and is a role which most participants agreed was the continuing domain of record companies:

Our core expertise is finding talent and bringing it into the marketplace. That's what we do.
(EVP/CFO Universal Music)

I think they (music consumers) are going to look for trusted intermediaries to identify and recommend and promote to them what they should be listening to...that service to me is a very enduring one. (Former HMV CEO)

I think they (record companies) can continue to provide that service because what I wouldn't like to see is that there is no sort of filtered offering to us, because it will just do my head in. I mean, how on earth do you find music that you really enjoy and like? (New media financier)

I think the internet is an amazing tool but it's still quite unwieldy and I think with musical culture you still have to have your gatekeepers and you still have to have people pointing you towards things. (Artist manager)

There are many comments along these lines, with record companies constructed as *gatekeepers* and *trusted intermediaries* who are *filtering* and *sifting* and helping consumers *navigate* their way across an ocean of content. These roles are in opposition to the technology-enabled cultural democratization of web 2.0 in that they imply that most consumers are not capable of dealing with choice without the intervention of a cultural intermediary. This might imply a lack of confidence in technology or simply be a protectionist position to perpetuate existing power relations. Some participants were more explicit in this regard:

you say to most consumers, 'there's the biggest toy set in the world, go and enjoy', they wouldn't know where to go. Walk down the street and ask anybody for 10 sound recordings from 5 decades and they can't do it. It's 50 tracks. No chance at all. (Music service provider)

it was a good thing when there was less choice. [] I think good for the content and you could argue in a dangerous sort of way, probably good for the punter too. When you give them less choice the choice is going to be better. The content is going to be better. But you're then in danger, and you talk about the philosophical angle of this... there's a danger of the social implications of that (CEO, commercial digital radio)

there is something of an illusion about choice being great for consumers [] there is something seemingly compelling about people being able to choose from all the music that ever existed and that has ever been created. [] I think consumers would simply freeze confronted with that choice (Former CEO, HMV)

In contrast to the quote at the opening of this section, these arguments are confidently rooted in the conservative belief that the traditional infrastructure of human intermediaries is still necessary to ensure the maintenance of 'quality content' and

cultural standards, that is to say, if left to their own devices, people might not choose 'correctly'. Even where it is acknowledged that technology may replace much of the human filtering process, the process of nurturing talent should not be underestimated:

If the record labels weren't there anymore then how would... we'd have to find another way of sifting the vast quantities of music that are out there. That's not impossible to do at all and in fact with technology it's much easier to do. So it could be done. But even those other ways of sifting music are still dependent on, you know, record labels finding, nurturing, developing, you know, talent and encouraging talent (Head of interactive music, BBC)

Well, I think artist development is still a massive talent of labels (SVP Marketing, MySpace)

Several participants stress this role of artistic patronage, which they claim is complex and largely misunderstood:

the record companies have got the difficulty that they've got to manage those egos and actually you need to have... you need to counter an ego with an ego. You almost... you have ... you know, just to manage those artists, because they are a bloody nightmare (Music service provider)

artists... have got that incredible sense of knowing whether somebody is a suit, or somebody they want to work with. And I've seen it time and time again. And I've seen it with some of my executives who artists wouldn't come near even though they were telling them the right thing. They have that instinct. The second mistake he (Guy Hands, private equity purchaser of EMI) is making is that he is falling in love with the business he bought, right, and that we've seen time and time again. When CEOs start to go to rock concerts and hang out backstage you're in deep trouble. (Former CEO, EMI)

you've got to understand certain individuals (artists), absolutely vital, and the way they work which may be incredibly idiosyncratic.[] You've got, you know, you've got your sausage factory and clearly Eric Nicoli (EMI Chairman) has his biscuit factory, you know, and people get so seduced and just come in and think, 'oh, I can just go a bit rock and... meet a few artists, and it'll just be like that', and they just get it all so incredibly wrong because they don't understand, and so they drive the business into the ground because they try and apply the thing they think will work and forget the things that actually do work [] The artists can just say, 'fuck you'. You know, because you can't make anyone make a record. (Independent producer/A&R)

These comments construct the music business as being different from other businesses and warn of the dangers which will ensue if the challenges of managing the creative process are not recognized and handled by people with special skills and experience. The most common outcome of this lack of nurturing is that the talent pool will dry up:

these TV shows I watch now like the X Factor and all that, which you know, everyone's obviously making fortunes out of, but it... to me it's a little bit like what they're doing to the seas, you know, it's like trawling. And a lot of these kids might have a little spark of talent, because they're not having the time to really just play like children should and maybe get really good at it, it's all happening too early and of course by the time they're... once you've been on TV once and your face has been on there, you'd be hard pushed for anything else to happen to your career as far as having a career after that. [] They're actually not getting the chance to develop and that's going to make the music business suffer because it's just like over fishing. It's the same thing.
(Composer/producer)

that could be the negative aspect of technology for artists is that you have this sort of greater consumer demand for newness because people can just access so much more. And artists, it seems, have less time to you know... there's more pressure to sort of develop faster, you know, as an artist developing and all of a sudden you have these you know, these younger artists who maybe would have spent 3 years sort of honing whatever it is that they do and they're forced out into sort of a bigger stage (MySpace, SVP Marketing)

This premature over-exposure of artists in a world with a voracious appetite for newness may mean the end of long-term 'career' artists, harming not only the recorded music industry, but also the related industries such as live music:

So, if in the future the recording industry isn't going to be able to develop talent in the way it has done in the past, and you know from your experience the huge cost, then it's going to be a problem for the live industry. [..] There's this great scarcity value of The Police because they haven't played for 20 years, or Led Zeppelin. But we are not going to... we're not going to have that luxury in the future because there aren't long term artists any more. (IFPI Chairman)

This participant is referring to the long-term impact of lower record company investment in artists due to lower profits resulting from piracy and file-sharing. Another participant sees the consequences as more harmful to the diversity of repertoire:

moving forward a worry I would have is that as labels get less... you know get more aggressive for less product, because they seem to be signing less, developing less, I would worry that things would get much more homogenized, and I also think that the less product thing is a big issue. I think much less is being developed because people are putting resources into a smaller number of things that they want to have more success

I think pricing and distribution is no longer is retained by the people that produce artists' records or at least distribute artists' records, and the by-product of that I think, as a fan of probably slightly more left field music, is I think that then dictates what people listen to. Because I think if you look over the last 5 years at the phenomenon of Friday night TV and then Saturday pricing in Tesco and Woolworths, it does drive a certain sort of music to the media and then that gets reflected in what people stack on the shelves in supermarkets because they're looking at their target audience and seeing them as people that might be slightly less discerning and I think it allows... in an era where there's probably a wider variety of music available , more readily available than ever, [...] you would argue that a lot of the higher echelons have been much more conservative. (Artist manager)

There is an interesting ironic distinction here. Despite there being *a wider variety of music, more readily available than ever*, the participant's concern is that the media, supermarkets, and the *higher echelons* have more of a homogenizing effect on a vulnerable, *less discerning*, audience. It suggests that the participant believes that greater availability and accessibility of music does not have pluralizing effects if those that produce and distribute artists' records no longer retain control of their marketing and distribution channels.

The theme of control of distribution is as much an economic issue as a cultural one and leads into the second part of this section on custody.

Economic custody

Under this heading there are two distinct concepts. The first relates to pricing and bundling, the second relates to usage restrictions.

Pricing and bundling

The previous section ended with the artist manager's concern with the influence that supermarkets have had on music consumption, which was largely achieved through heavy discounting of CDs, in some cases to be 'loss-leaders'. The corresponding decline of traditional specialist music retail channels meant that the record industry lost some of its traditional control and power over physical marketing and distribution channels. Similar concerns exist with regard to digital distribution channels. Of all the things which concern the music industry about Apple iTunes' arrival and rapid dominance of the digital download market, two stand out. The first is that, by allowing all album tracks to be sold individually (*unbundling* and *cherry-picking*), the album format was at risk. The second was that, by pricing all music equally (in the UK: single tracks 79p; albums £7.90), a key marketing tool was being given up:

The thing that we didn't get unfortunately is... that the majors and the big indies didn't target as I said, the means of distribution, for example iTunes, and the whole fact that it's come down to single songs and the fact that that's dictated by someone other than the record companies.[] One thing the record companies did from the 50s through to until very recently is they dictated price with retailers. That power seems to have gone now.(Artist manager)

What would I have liked to have known? I suppose ... I'd have liked to have foreseen the timing and importance of the emergence of iTunes, and had an opportunity to think through fully the relationship therefore the record companies had with iTunes, ahead of iTunes deciding for us all. (New media financier)

The protection of the album format is both cultural as well as economic, as illustrated by the following two extracts:

I'd love to see albums coming back now. Light and shade, dynamics, the whole thing. (Composer/producer)

One of the biggest problems if you're running a major corporation at the moment is that we face unbundling in the online world. I don't think we can complain about unbundling. That's the laws of supply and demand, that's the effect of the market and that's a proper sound use of technology.

The fact that people choose to buy it on a track basis rather than an album basis is very damaging commercially but is not something that I believe we're entitled to complain about.(IFPI Chairman)

Whilst the unbundling argument has largely been conceded by the industry as being in the interest of the consumer, the pricing issue is being fought much more bitterly. Unlike the unbundling argument, flat pricing goes against economic fundamentals by implying that demand for all music is equal and constant over time. Apple's counter-argument is that complex variable pricing would be an obstacle to consumer adoption of new technology, as the success of the iPod has largely been attributed to the ease of use, in particular the simplicity of the iTunes experience. In any event, price protection is a battle which is difficult to fight in the public domain due to anti-trust sensitivities around the influencing of consumer pricing. With the exception of the artist manager, participants were thus mostly quiet on the subject. By contrast, they were loud on the subject of usage restrictions, where protection is a battle still raging.

Usage restrictions

There is a difference between DRM that stops you and DRM that helps you do more stuff. And I think absolutely, if I could trust the record companies to do cool things and give me cool services then I'd be delighted that they knew who I was and knew what my fingerprints were and all the rest of it, but if I think that they're just going to sue me, then I'm not going to want to give them anything (Corporate strategy manager, Nokia)

For us anyway, it was the protection point of view, of protecting music and the copying and people wanting... greed, you know, human beings. You know, human beings are greedy. 'I want it and I don't want to pay for it'. That's sort of... a lot of kids are like that anyway now. 'You've got what I want and I haven't got it. You give it to me' (Composer/producer)

What I think our biggest mistake was, and it's true of a lot of industries, was not to look at the consumer behaviour, and not pick up that people were not only file sharing because it was free, but they were also file sharing because they didn't want any more physical product, and they wanted a lot more flexibility with the music available. So if it had been only the first aspect, the

file sharing aspect, probably by lobbying and by changing the legal environment we would have finally succeeded or contained it. By ignoring the consumer, that was not containable, because the consumer's always right. And that, you know, I think is a case study in itself but we reacted according to the old thinking in that we didn't really try to foresee what the consumer wanted and the process got lost. For example, we lived for 4 or 5 years defending like crazy DRM. Well, I'm not sure that the consumer wants DRM, so if they don't want DRM, if you give them DRM product they're not going to buy it. And then they're going to get the same product non-DRM on a pirate site. So we're forcing them to be pirates.

(Former CEO, EMI)

The question of usage restrictions is the most emotive topic in the industry, probably because the discourse which surrounds it is often highly manipulated. Discussion centres on the question of ownership rights, and digital rights management (DRM) in particular. DRM generally refers to software which protects digital files and prescribes their rules of usage. Though it could be described as an economic enabler, it is more frequently referred to in the media as an unpopular obstacle to unrestricted usage. The economic and moral dilemma at the heart of the DRM debate may be expressed as follows:

(1) If you allow people to do whatever they want to do, they may avoid paying you money.

(2) If, through authorized channels, you prevent people doing what they want to do, they will do it through *unauthorized* channels, where available, and may avoid paying you money.

Or, in the words of a participant:

I changed my mind with a considerable range of thought. You know, it wasn't like, 'yeah we have to do it'. It was, 'if I'm a consumer I will hate that fucking DRM thing'. But on the other hand it was a huge risk. It was what I was calling 'Tesco without a cashier' because that's really what you're doing. And 'please leave the amount of what you bought in the box at the entry and thank you very much'. So we had a hell of an internal debate on it.(Former CEO, EMI)

I refer of course to the taking and the giving of free music. It is not a new phenomenon: copying and sharing of LPs, tapes, and CDs have been a common domestic practice for decades. It threatened the recorded music business but, until 1999, did not prevent it from growing. A plausible story compounded by public discourse proposes that, in the last decade, developments in technology and media have made fundamental improvements to (a) the quality of copies and (b) the ease with which copies can be made and shared. Consequently, as research indicates²³, two-thirds of recorded music consumption in 2007 was via unauthorized channels. There are problems with this statistic, though here I'm concerned not with its reliability, but with the way in which participants describe authorized and unauthorized usage.

A participant recalls that record companies began their policy-making journey with an assumption that the environment was controllable:

it's a mental thing and I remember I think it was Rupert Perry (EMI CEO) in one of those early meetings. He said, 'but we have to own distribution'. I said, 'Rupert, in the internet world you cannot own distribution'. He said, 'why can't we?' I said, 'because you can't afford it'. He said, 'what do you mean?' I said 'the global music industry: £35 billion, IBM's turnover: £175 billion; Microsoft, Oracle, AT&T..., I said, 'you're tiny. With the greatest respect it's tiny. And these people, even they don't own distribution, right. It's called the internet, so think about the people you can partner with'. (Music service provider)

For many years the record companies pursued solutions which would, if not control the internet, then at least protect their content from unauthorized usage. Part of their frustration pre-dates the internet and is rooted in the fact that the unprotected CD format was developed more than 25 years ago, before anyone could foresee that PC-based ripping and burning capability and internet file-sharing would be common domestic practices. Despite the fact that the CD is an open format allowing users to do whatever is

²³ EMI commissioned research, also consistent with IFPI piracy data.

technologically possible with the digital music they upload to their computers²⁴, the industry has ironically attracted much negative sentiment and criticism for its perceived desire to control the usage of its content. This fact still causes frustration and confusion for many in the industry, especially when they compare the situation with other audiovisual technologies which were developed later, such as the popular DVD format for movies, which are universally copy-protected:

it was worth a try, and it is still not clear today why every other type of product sold on the equivalent of a compact disc is DRM-protected, and the only thing that is not is music (New media financier)

Rupert Murdoch should probably have been running the music business because I notice now that I've got the Sky thing, the recorder, that I can record it, but no way can you copy it. I can video a whole show and people say, have you got the video of this concert? They have to come round to the house and watch it because I can't do them a copy. So he's managed to do it. Why couldn't the music business manage to do it? I don't understand (Composer/producer)

There was nothing wrong with copy control protection, other than one huge problem: it didn't work.... it's still amazing to me that we've put a man on the moon, we've done all sorts of extraordinary things and from the days of the cassettes all the way through to the days of the CD we haven't been able to find some copy control mechanism which protected the CD ultimately. (IFPI Chairman)

The argument is one of practice rather than principle. Anything which degrades the prevailing consumer experience or restricts something they have become accustomed to enjoying, is going to be problematic, however consistent it may be with other technologies and with the law. It began as a dilemma regarding the protection of a physical product (the CD), and migrated to the domain of digital distribution, once legitimate digital download services began to generate meaningful revenues. Though it was by no means the first service, iTunes became the world's largest music retailer and

²⁴ Except for the period 2004 to 2006 when some major record companies experimented unsuccessfully with 'copy-control' technologies which prevented the loading of CD content onto computers (mainly outside the UK and US markets).

attention surrounding DRM became focused on Apple and Steve Jobs. The DRM issue is often confused with the question of interoperability, which in this context is the term used to describe the ability to play music acquired from any source on any device. It became contentious because Apple, Microsoft and Sony all developed digital music players with proprietary software which restricted usage of songs bought via certain services to certain players. The popularly quoted reason for making consumption of music ‘device-dependent’ was that the margins from device sales have been considerably greater than the retail margin on music sales.

The practice has drawn criticism for being anti-competitive, for example from the French government, who proposed legislation to force Apple to make their FairPlay software code available to other suppliers. In an open letter posted on the Apple website in 2007, Steve Jobs made the argument that he was bound by contractual obligations to the record companies to protect their music. Deflecting attention away from FairPlay he invited record companies to ‘abolish DRMs entirely... this is clearly the best alternative for consumers, and Apple would embrace it in a heartbeat.’ In supporting this proposal, he made two key points: firstly, that record companies already sell over 90% of their music unprotected (via CDs), and secondly that ‘DRMs haven’t worked, and may never work, to halt music piracy’ (Jobs, 2007). The letter attracted an enormous amount of media attention, some anti-Apple, some anti-music industry, and most pro-consumer. EMI, who until this point had been one of the most vocal proponents of copyright protection and DRM solutions, reversed its position by announcing, less than two months after Jobs’ letter, that in partnership with Apple, it would start selling digital downloads free of DRM restrictions ‘addressing the lack of interoperability which is frustrating for many music fans’ (Nicoli, 2007).

Though I had been an internal advocate for dropping DRM, my interpretation of EMI’s motives are that this was less to do with doing the ‘right’ thing for consumers, and more to do with striking a tactical deal. EMI was unofficially ‘for sale’ and desperately wanted to generate positive press coverage and to be perceived as a strategic first-mover. Apple needed to make a concession to divert attention from the French government’s attempt to

force interoperability on the ‘closed’ technology of the iPod. This EMI-Apple announcement was a mutually beneficial but isolated deal in an otherwise difficult relationship between Apple and the music industry, and EMI’s move was unpopular with the other major record companies:

The problem to me wasn’t DRM, it was Steve Jobs and inter-operability. Now I don’t think many people believe me when I say this, but I do strongly believe it. It had got to the stage where Steve Jobs believed it was untenable to keep going and his letter was... I think the last, is it flailings the word?, of nearly a dying man or a man who was going to give up on this [his refusal to adopt an interoperable DRM]. (Chairman, IFPI)

DRM and the issue about interoperability and is it the record industry’s fault that there isn’t interoperability between Apple technology and Microsoft technology and my view is I feel incredibly flattered that people think we’re so important, [laughs] that it’s actually down to us that there’s no interoperability between Apple and Microsoft. It’s just ridiculous, you know, it’s completely ludicrous, but Steve has spun a good story. He’s spun a phenomenal story. (EVP/CFO Universal Music)

The debate goes on and many record companies continue to insist on DRM for sales of digital downloads, eliminating any real benefit for consumers as there is no clear indication when on the iTunes store as to whether the song you are buying is restricted or not. As an indication of the difficult relationship between Universal and Apple, Universal has allowed DRM-free downloads on competing download sites, but continues to sell DRM-restricted on iTunes. Apple’s commitment to interoperability is called into question by another participant with reference to the iPhone:

You’re really messing with the consumer because you’re tying him... I mean if I was anybody with normal earnings I wouldn’t go near the thing (the iPhone). You’re tied to 18 months contract and you’re tied to buy a very expensive machine. I think it’s far too... and you’re tied on top to the iTunes DRM. So you can’t really transfer your music into anything else. I think it’s one step too far, because where I see the iPod was clearly a winner in terms of design and technological advance and all of that, now the world has changed in 4 or 5 years. And I think people will hate it. And I wouldn’t be surprised if the iPhone was a failure. From a technology

point of view it's great but there are a lot of people on its heels, you know, Nokia being one of them. And I strongly believe, and I think we've seen it in music, that closed systems are doomed. Now that has been the Apple philosophy forever and really the computer, the Apple computer, really started to take off when it accepted Windows. (Former CEO, EMI)

The questionnaire data indicates that participants are evenly split on the question as to whether DRM solution providers have a positive economic future. Those who still believe in it do not have the answers but are relying on the moral or social obligation of intellectual property protection being a sufficient driver of innovation:

DRM solution providers..I think that's the way forward. You've got... at some point you've got to work out how that all works properly. (Independent producer/A&R)

...the fact that people are allowed to basically pirate at will today,... something needs to be done about that because it's kind of wrong. It's not kind of wrong. It is wrong. [] We've got to try and protect [the music] until something else comes along (EVP/CFO Universal Music)

The alternative view is expressed in richer metaphors:

... if you take locks and keys off the content then its like letting the foxes into the henhouse. And you think, hold on, are they going to run away with all our...[] ...there's a big old back door which they're kind of occasionally trying to paper up with suing individual customers but it doesn't really help [] .. if it (music) is somehow set free and [you] allow people to innovate and use it and share it and mix it up much better then I think that would provide a lot of options for other innovation (Corporate strategy manager, Nokia)

the genie is out of the bottle in terms of pirated content. And there never... you know peer to peer, illegal downloading is never going to stop in my view unless it becomes a) socially unacceptable, difficult or b) the record companies offer something which does the job instead, that makes it just not worth the effort (CEO, commercial digital radio)

the truth of the matter is, and President Sarkozy in France got this absolutely right...He decided to help the music industry... He said two things. First of all the internet cannot be the Wild West for intellectual property. That's just completely wrong. He then secondly said, it cannot be right

that something you purchase legally can be played on less devices than something you purchase illegally. And that's a very perceptive comment from a man who's got many other things on his mind. He says, if somebody goes and steals it they can play it on all these devices and if somebody goes and purchases it legally from iTunes they can only play it on their iPod. He says that can't be right. Now... and he put the fault at the door of DRM. To my mind the fault is at the door of inter-operability. But that particular genie is out of the bottle and we've moved on. (Chairman, IFPI)

With regards to the French and UK governments, the music industry has 'moved on' to another approach to combating unauthorized usage. Ironically, it refers to another custodial metaphor, which is the 'safe-harbour' or 'mere conduit' provisions protecting internet service providers (ISPs) from any liability arising from the illegality of their users' activities, such as unauthorized file-sharing of copyright content.

...as the internet was developing the concept developed of a safe harbour for service providers on the basis they couldn't be responsible for everything that went over their pipes and cables. And that was a reasonable thing to do as the internet was needing to find some oxygen and flourish. But at the end of the day it became an opportunity for people to turn a blind eye to flagrant infringement and that's been very damaging to the creative industries[] When you then have a situation where they know what's going on, you draw it to their attention and you offer them a solution and they then ignore that and are still able to hide behind a safe harbour, that's not an equitable world. And nobody would have foreseen that or nobody would have been able to justify that. []

This connection strategy which Sarkozy has gone for has been one of my overriding principles, at times against my members, because a speech I've given to all the top politicians and media around the world is really as simple as this. In the John Kennedy household there is a 17 year old girl, a 15 year old boy and a 9 year old girl. If the 15 year old boy was stealing music on the internet and if as a result he got the internet connection disconnected his sisters would kill him and he would be much more afraid of his sisters than he ever will be of the IFPI. And to me that's the dynamic that's going to save the music industry because that would be repeated around the world. He would not... for himself he would not take the risk of losing his internet connection. People just can't anymore. So if you could introduce that dynamic for a very large percentage of people you would stop the stealing of music. (Chairman, IFPI)

The Sarkozy connection strategy referred to in this extract is an experiment the French are running which involves cutting off the internet connection of persistent file-sharers if they do not respond to warning letters. One participant felt that the French were more culturally inclined to accept such a solution:

This will happen in France. It will happen in France. It absolutely will happen because it's a country that respects all things cultural.(EVP/CFO Universal Music)

The implication is that, in the UK, culture is less of a priority than the principles of liberty and privacy. The participant Lord Triesman, the government minister for intellectual property, indicated that the UK government was watching the French experiment closely and aimed to broker a similar voluntary solution between the music business and the ISPs:

And we've said if there isn't a business model we'll legislate and we will. The plan is to legislate.[]

There will be some difficulties. Some people are saying, if we go along that route it will mean that clients of ours will become known to you. There's privacy issues. Well, so there are I guess for paedophiles, if you argue that to its conclusion. But no-one will accept that conclusion. So the new balance I think, has to be struck between doing things about people who steal property, doing things which provide again the right environment for new business models with streams of income which people will accept are legitimate, and doing things for consumers which mean that they're not impeded by... well, they're not threatened to be impeded with rules you probably can't apply in any case. So that's how I'm approaching it. (UK government minister)

Exactly six months after this interview, the UK government announced that it had brokered a 'memorandum of understanding' between ISPs and the music industry which commits both sides to explore solutions, with a view to avoiding government legislation. The announcement made news headlines across the UK media and the following edited transcript from BBC Radio 4's 'Today' programme (BBC, 2008) captures the themes nicely:

- **Evan Davis (presenter):** *'at some point, surely, we're going to have to go in, monitor what people are doing, and say you can't illegally share files'*
- **Billy Bragg (left-wing musician):** *'are you really?...there's nothing better than peer-to-peer recommendation...we're going down the wrong road if we criminalize our audience...it won't help musicians make a living'*
- **Andy Burnham (government culture secretary):** *'the solutions are out there that will work for everybody. We just have to find them... We will legislate if we can't broker a solution'*
- **Becky Hogge (director of OpenRights Group):** *'government is not giving the music industry enough incentives to give consumers the choices they need'*

In the absence of a representative of the recorded music industry, Evan Davis opens with the assumed music industry position. Billy Bragg replies in a way which indicates that record companies' interests are not necessarily aligned with the interests of their artists. Andy Burnham claims the role of referee ensuring that 'everybody's' interests will be respected. Becky Hogge challenges that the solution Andy Burnham is brokering is only between two powerful economic parties (ISPs and record companies) and that consumer rights require more protection from government. This example, of many parties seeking protection, is a logical place to end the section on custodial themes. I will return to these issues later.

5.3.4 Hindsight

...one route to market [...] with hindsight, is a ludicrous proposition. (EVP/CFO Universal Music)

In this third and final section presenting the most common themes and concerns of the participants, I illustrate some of the many participant retrospective references to blinkered views of the world, whether their own or those of other stakeholders.

Participants were asked what, with hindsight, they would liked to have known 10 years ago, inviting them to share any cognitive shifts:

Well 10 years ago we were just about to buy a 3G licence for about £4.4 billion. I'd have liked to have known what I know now in the auction. Because there's no way... []... I probably wouldn't have... you know... [] I was that guy going out to the Playboy mansion, Hugh Heffner's pad and saying, I want your global adult deal. I was that guy going to the IFPL and saying, I want your sports content for my mobile phone company. And there was a level of naivety there, which looking back on it, we'd spent too much money. We didn't structure the deals correctly. We had no understanding of what...no real understanding of what the customers were going to use it for. [] A learning from that is that it's taken a lot longer to get people to be aware of what a mobile device can now do, more than just make a phone call. So in short we underestimated the length of time to change music behaviour and it's taken 3 or 4 times as long to get people to use more than just SMS but using MMS and starting to share stuff. And we were ahead of ourselves. So we could have [] not focused on all the sexy stuff, focused on making the basics right, then introducing the sexy stuff rather than trying to do it altogether. So that's what I, you know, that's what I probably would have done at a high level. But that would probably have got me out of a job. so I was doing all the sexy stuff. []so in answer to your question, I wouldn't have pushed as hard for 3G products. I would have focused on the basics. But I would have lasted about 5 minutes on the Board if I'd said that, so you know, it all gets wrapped up in this big hype.

(Head of strategy, Orange)

The participant has elsewhere referred to his frustrations that technology has 'over-promised and under-delivered', and there is no better measurement of that mismatch than

in the (with hindsight) wildly excessive (and for some phone companies) crippling amounts which were paid in the UK and European auctions for third generation (3G) mobile spectrum licences in 2000. Note however, the participant indicates that someone with a prophetic vision of the future would not ‘have lasted 5 minutes on the Board’, such was the robustness of the mutually constructed ‘hype’ around the impact of 3G technology on mobile phones.

Commitment

The bidding for a 3G licence is a good example of how post-decision behaviour, based on choices which are both public and irreversible (Weick, 2001), produces behavioural commitment which marshals forces which destroy the plausibility of alternatives (which may have been considered plausible prior to the decision being made), and removes their ability to inhibit action. The mutually constituting discourse which emerges (e.g. 3G must be the future because so many companies were prepared to pay for it) may cause a ‘deviation-amplifying loop’ (Maruyama 1963, cited in Weick 2001 p.297), which has an equal capability for mutual destruction, as was the case with regard to shareholder value in mobile operators. This is also a sobering example of a discourse of technological inevitability which is promoted by corporations (and governments) to justify continuing liberalization and marketization of the communications sector (Murdock and Golding, 1999, Hesmondhalgh, 2002).

By contrast, the Napster phenomenon was indicative of a different but equally powerful discourse, which was, at least for a while, outside the influence of big corporations and government. Three participants referred to Napster in their responses to the hindsight question. None of them were record industry participants, which is perhaps not surprising given that the prevailing industry view of Napster, as a dangerous band of pirates to be destroyed, was a perception that has not needed to be changed with hindsight. This is another example of how the commitment to a course of action, in this case an industry-wide rhetoric of the criminalization of file-sharing along with a policy of litigation against offenders, has shut down the possibility of file-sharing as a legitimate activity being plausibly and constructively evaluated.

The first participant's view, which seemed to justify the record industry approach, surprised me:

SVP Marketing, MySpace: *the big missing piece of 10 years ago was... you know, that was sort of when Napster launched. I don't think that anybody saw taking free music becoming such an accepted practice of a generation of people then. I think people sort of thought, 'oh god, our music's being pirated'. But like, nobody shut the pipes off, you know, or quick enough. You know I don't think anybody...*

JW (researcher): *Well do you think they should have done?*

SVP Marketing, MySpace: *I just don't know if you could have predicted how widespread piracy would have become.*

This view interests me, especially because of the participant. She is now the international marketing head for MySpace.com, but says she had only just started working 10 years ago. Her view, that shutting-off internet access might have been justifiable had it been known how widespread socially acceptable (at least to a younger generation) piracy would become, is a rarely expressed one from someone of her age and sector. It is possible that the comments were tailored to me as someone with a perceived record company bias, but I don't think so.

The more common view is that expressed by the Nokia participant:

I remember I was in Boston when first Napster came out, and I thought it was fantastic, as did the rest of the world, apart from the music industry who were: 'oh my god!'. They just saw it in a negative way, whereas if I had my time again, and I 'got' Napster when it came out... I'd love to ask, and this could be one of your questions to your other music executives, what would you do this time? Would you actually licence it and have an amazing amount of cash and amazing amount of innovation and excitement, people listening to music they've never heard of before.
(Corporate strategy manager, Nokia)

This echoes another participant's view of the missed opportunity

Music service provider: They made billions out of it [Napster]. They made so much money out of the advertising revenue that they got by allowing...

Researcher (JW): What, the initial Napster?

Music service provider: It was a quarter of a billion. I can't remember where I saw it.

My doubting question to the participant was based on my understanding that very little money was made out of Napster prior to it being forced to shut down²⁵, which is why, to my knowledge, there was never any material offer made to the record companies for their collaboration in, or licensing to, Napster as a commercial venture. It seems unlikely that dialogue would have progressed even if there had been cash on the table, given the fierceness of the recording industry's determination to shut Napster down. However, I mention it because there is widespread belief amongst people who adopt a web 2.0 discourse that Napster could have been successfully commercialized. It could have transformed the record industry in a positive way, had record companies not managed to shut it down, and instead had they collaboratively reconceived their product offering. When each of the last two participants quoted were asked how this might have occurred, both responded with legalized file-sharing variations of the subscription or flat-fee licensing model.

These views could be interpreted as implying that Napster's misfortune was entirely related to timing, specifically to the amount of elapsed time for file-sharing to be reconceived as an opportunity rather than a threat. It suggests that, inventors who take the time to conceptualize and articulate new products from new technology are more successful than inventors who simply make the technology available as quickly as possible, without being sensitive to the competing interests and value-systems of

²⁵ It eventually settled lawsuits brought by Universal and EMI for an amount reported to be in excess of \$US 100 million, and funded by the deep pockets of Bertelsmann, who had made a strategic acquisition of Napster before it was forced to close.

powerful stakeholders. However, it is questionable to what extent Napster can be credited to an inventor at all. In their paper *Contested Codes: The Social Construction of Napster*, Spitz and Hunter (2005) ‘document how popular, or vernacular, theories mobilize around a tool or technology to reveal its ‘true’ qualities’ and they ‘demonstrate how and why certain (subjective) meanings increasingly take on the status of truth while other (equally subjective) meanings are pushed farther out to the fringes.’ They challenge the ‘one-time heroic event’ depiction of Napster inventor Shawn Fanning, in favour of a view which sees Napster as a social process ‘constructed within a culture already attached to certain values’, and as ‘an organizing principle for widely diverse issues’, illustrating their point with reference to Al Gore’s appropriation of the construct to suit his political agenda. Whether featuring as protagonist or antagonist, Napster has been given a powerful symbolic role in 21st century story-telling. I will reflect further on this theme later.

Historic success and cognitive impairment

One view of strategy (Burgelman, 1983) is that it is a theory about the reasons for past and current success of the firm. This again recalls Weick’s (2001) views on retrospective sensemaking and the destructive consequences of eliminating plausible alternatives to committed strategic choices. Closely related to these concerns, there were many participant observations that historic success breeds complacency and short-sightedness. Record company personnel are frequently described as mistakenly believing that they are in control of the market, and continuing to work on the assumption that the knowledge, instincts, skills or structures to which they attribute past success are enduring and will continue to sustain good fortune. In some cases, record company participants themselves recognize this through reflection. To the hindsight question one participant responded:

Probably to know that I don’t know, because when I reflect on the last 10 years I think people had a lot of certitudes about the future and pretty quickly the future was changing much faster than we thought. [] I... we thought that we were working within the framework of the old model and going into an evolution while actually there was a revolution taking place. So we didn’t see it. Now I don’t think anybody saw it [] ...we reacted according to the old thinking in that we didn’t really try to foresee what the consumer wanted, and the process got lost

(Former CEO, EMI)

The view from outside the record companies is similar, though less charitable:

It's like, kind of the fall of the Roman Empire... [] record companies, they're almost Titanic-like, heading towards an iceberg. They won't give the market what it wants. They think they can dictate to the market. That is just so sadly incorrect, especially now when those four majors have lost their dominance. They can't dictate anymore in the way they used to be able to, you know. And so, not giving consumers what they want, to me is just like in any other industry, it's insanity.
(Independent A&R/producer)

This participant is the most colourful in his descriptions, elsewhere adding King Canute and the ostrich to his list of record company behavioural analogies, but long-term success and complacency are regularly cited by others as a diagnosis for perceptual insensitivity:

Music has always been the coolest and the sexiest business to work in, and all these things and people in the music business have never had to sort of, you know, think about being a little bit more 'out of the box', because it's just always worked.
(SVP Marketing, MySpace)

This perception that the industry business model has 'always worked' without being required to innovate or respond to a changing environment, introduces a feeling of resentment by others that record companies have had a comfortable and lucrative life for too long, and are to some extent responsible for their own demise. Consider this anecdote from a participant recalling a meeting with a senior executive from a major record company in 1998 (notably the last time the participant had had any dialogue with any record company):

...that might lead to electronic retailing of music, hear it, buy it, burn it, type of thing, but that's what it was called then. And I sort of laid this out as the likely future that I could see. And I never forget, I can't remember who it was but a guy said, 'we will never do electronic retailing of music'. Really? [] 'We will never do electronic retailing. We will never allow people to download our music'. Why not? 'It would damage the sales of our CDs'. And everybody then tucked in behind him and that was the end of that. And I just thought, well, you know, it'll rain on

you. And it did, you know, now, for lots of different reasons. But I thought that kind of... if that's symptomatic of record company thinking, they deserve everything they get.

(CEO, commercial digital radio)

There is a connected theme that such complacency breeds corpulence. Record companies, and symbolically, their executives, have become overweight relative to the resources which support them. Descriptions of record executives as 'fat' are commonplace. Multiple references to 'fat bastards' and 'fat cats' can be found in both the primary and contextual data. Whether referring to excessive size or wealth, for textual analysis I created the code 'bloating' to capture the many instances of record companies being described as too big, with comments such as 'there is no need for a heavy infrastructure', 'every record company needs to reduce its size because it's just not necessary', 'we'd fire half the staff', and 'to get through this [they] need to be a lot leaner'. There is also a public discourse of injustice at the salaries and extravagances of record companies relative to the poverty of most artists, invoking the argument (e.g. Miege, 1989) that the permanent oversupply of creative workers means they bear the unrecognized costs of creation and production by being willing to forego the benefits of secure working conditions. For all these reasons, the perceptions of excess, resentment, injustice and ridicule²⁶ continue, as evidenced by the frenzy of media coverage following the acquisition of EMI by private equity company Terra Firma in 2007.

In understanding the origins of these fat-reduction recommendations, it is useful to consider the context of recent history. The last cycle of economic success in the recording industry is generally attributed to the rapid growth of the CD format in the decade leading up to the recording industry's global revenue peak in 1999. In addition to stimulating sales of new products, record companies also benefited from consumers buying again on CD products they already owned on vinyl or tape format. This led to a popular view that

²⁶ It was leaked that the company had a £200,000 head office bill for 'the now legendary *fruit and flowers*'. This was enthusiastically interpreted by the press as being 'a music biz accounting euphemism for drugs' and other 'artist services' (*The Guardian*). Ironically, it was (to my knowledge) literally for office fruit and flowers, and more indicative of corporate reluctance to cut the trappings of success than the more artist-focused press interpretation.

the record companies enjoyed excessive profitability and an over-reliance on one narrow business model:

...it took the rapid decline of the CD to focus our mind [] We made 'too much' money, let's say [] The big buck was in the CD [] That was the big money so you chase after that and I think [we] wrongly excluded everything else. (EVP/CFO Universal Music)

The participant above acknowledges that the great success of CDs had consequences for cognitive faculties, impairing strategic vision. This could be interpreted as confirming the theory that complacency, stability or equilibrium are precursors to demise, and that survival or change only happens on 'the edge of chaos'²⁷ (Pascale et al., 2000), or more simply that a burning platform is required to mobilize action. Either way, it took 'stark and desperate' circumstances for the industry to realize 'the reality' that a business based on 'one route to market', that is to say, ignoring all the other ways to derive economic value from music, 'is with hindsight a ludicrous proposition'.

To end this section, I want to again refer to Weick (2001) and what he calls 'attitudes of wisdom' (p.361) which refers to the view that to be wise is to know without excessive confidence or excessive cautiousness, as such excesses can destroy what organizations need most in changing times, namely curiosity, openness and complex sensing. Organizational leaders find it difficult to maintain an attitude of wisdom because they are expected to project sufficient stability of vision to inspire others to follow. This is well illustrated by the response of the HMV CEO to the question of what he would have liked to have known 10 years ago:

I think one of the dangers when you're the Chief Executive, particularly of a public company, where you so frequently have to stand on a stage and persuade people that your strategies are right, is that you can almost end up believing your own rhetoric. And there were a number of things which we would consistently articulate to the investors which I think with the benefit of

²⁷ Living things face constant threat, moving towards the edge of chaos, evoking higher levels of mutation, experimentation, from which new solutions are born.

hindsight were, to a varying degree, fallacies. So, one was that internet distribution as a channel to market would only ever become a sizeable minority part of the market. [...] As you would expect in any sizeable organization you've got a relatively intelligent group of people with differing views and perspectives so there were some people who always believed that the future would be... the future of retailing would be internet distribution, let alone the future of music distribution. There were also some very very dyed-in-the-wool sceptics. I mean one of the problems in a company like HMV is that the senior management have all got there because they're shop keepers so even though one tries to be rigorous about this and open-minded it is very seductive to believe that everyone still wants to use shops and that that business model, as it were, will ultimately prevail. Not only was the senior management shop keepers of several decades duration, a lot of the senior management have worked in the music industry for several decades and were very wedded to the notion that what consumers wanted to do, and would always want to do was to build collections, and you know, the collector mentality was very much something which we overlaid on consumption of music. (Former CEO, HMV)

Leaders are often denied the luxury of vacillation, as this participant points out. Once you've chosen a strategy, you stick to it, at least for a while, in order to lead both your employees and your investors with confidence. The danger is that you 'end up believing your own rhetoric' (recalling Cheney et al., 2004) which makes the balancing of reflection, experimentation and commitment to a strategy very difficult. Such is the power of linguistic construct in the realm of sense-making.

Having presented the themes emerging from the participant conversations, in the next section I move towards a more critical analysis of the discursive repertoires employed.

5.4 Discourse, narrative and competing worldviews

5.4.1 Identification of object constructs

The first steps of discourse analysis led me to identify a number of discursive objects which had some bearing on the research problem. The four most relevant and recurrent were:

- music
- the consumer
- the record company
- technology

Each of these four discursive objects was constructed in a number of different ways which were indicative of alternative, sometimes competing, views, not only of the objects themselves, but also of broader views of music as a cultural industry. They were actually identified in the coding process which preceded the writing of the two previous sections on custodial tensions and value shift, but I present them here as they will hopefully now resonate more with the reader in reference to some of the examples given in those two sections. Figure 7 summarizes the alternative constructs:

Figure 7: Object constructs

Music as:

- artefact/product
- utility/service
- honey trap
- social capital
- cultural capital

The consumer as:

- subject (to be led or empowered?)
- king (to be listened to & served)
- community member
- thief
- patron

The record company as:

- patron
- filter (homogenizer/pluralizer)
- custodian
- factory
- bank

Technology as:

- progress (an irresistible force)
- charlatan (over-promised/under-delivered)
- enabler/friend
- disrupter/foe
- plumbing

The depictions of the objects could be described with more constructs than I have used here, to draw out more subtle variations. However, as their purpose is illustrative, I felt that greater detail would be counter-productive.

Music

References to music as an *artefact*, i.e. as a manufactured and artistically packaged *product* to be bought, owned and kept as part of a collection, were common. Given the age range of the participants (early 30s to early 60s) this is not surprising, as this has been the dominant product conception for the music industry for many decades. One (of the older) participants felt that the format had lost some of its artefact value with the demise of the vinyl LP, though another robustly defended the CD as something which can still be beautifully packaged. Some point to its durability and collectibility:

If you examined people moving home, what... most people take their music collection. Very few people throw out their music collection when they're moving home. You know, you play things you paid £10 for 20 years ago. It's unbelievable value for money. After your latest jeans have been thrown away, your shoes are worn out, it doesn't wear out. (Chairman IFPI)

and others to its suitability as a gift:

it still makes quite a nice little product. It's rather difficult to...I can't imagine... I certainly didn't get fired up by being given a voucher for iTunes. It's not the same as being given a disc is it? (Head of strategy, Orange)

Most references to music as an artefact or product were positive statements. Occasionally though, the disc format is referred to in a way which is indicative of contempt that certain people can only conceive of music that way:

at the end of the day, the guy who said this in the EMI meeting was strutting his stuff, because he was the head of something that's plastic with a hole in the middle. That was his job. (CEO Commercial digital radio)

The ‘guy’ in question is an un-named record company executive, who in 1998 said that ‘we will never do electronic retailing’, his myopia being a clear object of ridicule to this participant.

In stark contrast to its construction as an artefact, music is also described as a *service* or *utility*. This is sometimes explicit, as we saw in the many references to the subscription or flat-fee licensing models, but also implicit, such as by references to music being delivered by ‘pipes’, or by reference to its intangible and ubiquitous properties. Radio broadcast and internet streaming services also contribute to this insubstantial and ephemeral quality of music. Unsurprisingly, the participants who most regularly describe music in non-physical terms are those whose commercial interests derive no value from the physical product, such as those with stakes in radio, mobile phones, and the provision of internet, social networking and digital music services. These are, for the most part, the same stakeholders who, along with those with an interest in selling digital music players, are accused of strategically conceiving music as a *honey-trap*. In the case of Apple, music is a way to sell more iPods; for mobile phone companies, music is, along with news, sport, video and ‘adult’ material, just another form of ‘content’ helping to promote higher 3G tariffs and more profitable handsets.

Music as *social capital* is a common construct of all participants. For Nokia, Orange and MySpace, the social value of music is explicitly at the heart of their business models:

a Finnish guy I used to work with at Nokia. He sort of made that point quite strongly which is that communities don't exist without social objects around which they can perform and it can be communities around music (Corporate strategy manager, Nokia)

the idea of building your music store linked to your phone as something that is at the heart of your social network. You know, there is a role for a mobile operator in that. (Head of strategy, Orange)

MySpace music whilst it has a great importance in music, most of what people are doing on MySpace is social networking and then kind of consuming content second. (SVP marketing MySpace)

It's [music on mobile phones] in the school ground, you know, it's right there. People say, 'I've never heard that' and you say, 'I've got it'. (New media financier)

The social value is also recognized by others not directly involved in new media:

They're able to pass it on to their friends quicker than they've ever been able to and I think capturing that excitement is a great thing. (Artist manager)

You talked about what you heard on the radio. And now it's much harder to talk about something that you have in common because everybody has gone off in individual ways. You know, which is why there's people in social networking sites... is the new glue that binds people together. (CEO, commercial digital radio)

and the social capital of attending concerts and music festivals is seen to have become stronger than ever:

I think they like all going to something together with other people and being at one with a live performance at... they just... it fits the zeitgeist if you like. (Independent A&R/producer)

Loosely connected to the construct of social capital is *cultural capital*. The concept of cultural capital is a complex one. Together, social and cultural capital are terms which describe the empowering and privileging properties of non-economic resources, or of resources which are difficult to measure in accounting terms. At a consumer level, music is seen as something which gives people an empowering or confidence-building identity:

You want to own it. You want to be part of it. (Independent A&R/producer)

This craving for identity is seen by some as an opportunity for exploitation:

how can you use music to really start to capitalize at the lower end of the market, where it is clear that they [young music consumers] define... a core part of what they are is the music they listen to.(Head of strategy Orange)

Though difficult to measure, corporations do assess the value of symbolic capital, as in the case of Starbucks being able to offer Paul McCartney a more lucrative deal than EMI (his long-term label) could :

I think Starbucks had two elements in the offer they made to McCartney. One was the actual record sales but the other was the image and hope people would see Starbucks as being cool. Because the media view of McCartney is a lot cooler than the consumer view of McCartney. (Former CEO, EMI)

As we saw in the section on cultural custody, there is a tension between those that want to hold on to the system of cultural intermediation, and those that see commercial opportunities in the liberation of the prevailing systems which legitimize cultural and symbolic capital. My Space is one of those:

MySpace really now is about people, content and culture and the intersection of that. The evolution of that as a business is what remains to be seen. I mean if anything you were going to ask the oracle is, how do people, content and culture come together through community, a networked future? (SVP Marketing, MySpace)

There is much to say on this subject, and I will return to it later, but for now I'll leave the final word on cultural capital to the government minister, explaining how the Prime Minister had set his objectives for growth in the soft resources of the cultural economy:

He [the Prime Minister] said it should appeal to me because he knew from things that I'd said, and he'd know... and that I'd know that he believed, that the areas of the economy which were likely to grow and grow fastest were the areas where innovation, invention, creativity are central. And he reminded me that I'd made a speech which hadn't gone down wonderfully well at the TUC conference in the past, where I'd said we probably aren't going to beat on metal and dig

things out of the ground that much and make a living out of it in the future. So he said, 'make that part of the economy grow'. (Government minister)

The record company

These alternative constructs will by now be familiar to the reader, so I will reduce the number of text examples for the sake of pace, and because more textual examples will be given in later sections.

The constructs of the record company interconnect with the other object constructs. So, for example, those who view the record company as playing a key role as *patron* would tend to see music as *cultural capital*, and might seek to protect artists from those who see music as a *honey trap*, or those who would devalue the artefact by treating music as a *utility*. The record company as *filter* is a common construct, though this relatively neutral term can cover both positive and negative depictions. On the one hand is the role of cultural intermediary as a discerning authority exercising cultural patronage, which might in some cases have pluralizing effects as music is developed in genres. Others view the record company filtration process as elitist and homogenizing, privileging the narrow demographics of its executives, as we saw in the depiction of 'middle-class public school-boys playing guitars'. Music as *cultural capital* would also be the resonant construct for these kinds of comments.

The record company as *custodian* has both a physical and a cultural dimension: the former connecting to the construct of music as *artefact* to be protected against theft; and the latter to music as *cultural capital* to be protected against falling standards of art and taste. These concepts were amply demonstrated in the earlier section on custody.

The record company as *factory* is linked with the construct of music as *artefact*, and is in clear contrast to music as *service* or *utility*. It is part of a wider depiction of the physicality of manufacturing and distribution infrastructure. Unlike the construction of *artefact*, which on balance was more positive than negative, the factory depiction in these

conversations is negative, as seen in the rather disparaging remark about the ‘sausage factories’ and ‘biscuit factories’. As most record companies have now divested themselves of their factories, there was also a sense of history or obsolescence regarding this construct.

The clearest constructs of the record company as a *bank* are connected with patronage, and came from the independent A&R/producer, the artist manager and, as illustrated here, the composer/producer

But for the guy who's starting out who's really passionate, where does he get the money from the buy the recording gear? Where does he get the money from to keep him going while he's, you know, getting good at his craft, learning to play instruments and you can't... I don't think you can do it without that sort of money. But its all very well saying music should be free but who's going to pay for it to be made? That's what I don't get.

This remark was prompted not so much by discussion of the economic downturn in the industry, as by irritation at the practice of superstar artists, such as Prince, of giving their new recordings away for free. It suggests that artists need a special kind of funding, and in this sense record companies are seen as specialist providers of capital.

As I came to analyze the text, I realized that more constructs are implicitly present. For example, the record company as *studio* focuses on the discourse which puts the recording process at the heart of the industry's activities and value contribution. It connects with a construct of music as *recorded sound* and another obsolete but important construct: the record company as a *laboratory* or technology innovator. As these constructs did not initially emerge from the coding process, I have not specifically highlighted them. Nevertheless I recognize their importance, and will return to consider this important ontological distinction between music and recording companies in a later section.

The consumer

Alternative conceptions of the consumer can similarly be mapped to the themes emerging from the other object constructs. The most common descriptions of the consumer refer to

the state of their agency or empowerment. *Subject* refers to instances where the consumer is someone to be led or directed in their consumption and tastes, or in more extreme cases, exploited or even ‘fucked’ (an accusation directed towards Apple from a participant who did not wish to have this remark attributed to him/her). Often, the subject construct is implied in the context of participants explaining how or why consumers need to be more empowered. The construct as *king* reflects the high number of references to the customer as someone who must be listened to, served, or who needs to be in control:

By ignoring the consumer, that was not containable, because the consumer's always right.[...they are web surfers and what this web surfing means, it means you are in charge of your destiny. (Former CEO, EMI)

accept the fact that people are not going to do what we want them to do in this space. (Head of interactive music, BBC)

Whether positive or negative, these empowerment references are linked to alternative views within the constructs of music as social, cultural and symbolic capital, and of record companies as filters and custodians. The construct of the consumer as *community member* is clearly a favourite of MySpace, Nokia and Orange. Construction of the consumer as *thief* is indicative of where a participant sees the primary custodial responsibilities of the recording industry:

You can see that young people are happy to pirate and aren't that frightened...

[..] Do you think people get old and stop cheating?

[..] We had a number of focus groups with sixteen year old kids. I think people were quite tempted to just lock the door and beat them up – [Our head of sales] just wanted to get at them with a stick.

These three remarks were made by the head of digital at a major record company, and illustrate the ways some record company personnel feel towards some music consumers. The next comment was made in reference to the Radiohead honesty box experiment:

the terribly sad thing was that so many of their fans and so many of the consumers still chose to steal it for want of a better word. (Chairman, IFPI)

This view sees the experiment as a failure, but the alternative ‘glass half-full’ view was the expression of surprise that so many paid something, even though they didn’t have to. This introduced the depiction of the consumer as someone who actually enjoys financially supporting a band, i.e. the consumer as *patron*²⁸, which cross-refers to the construct of music as cultural capital.

Technology

At times, technology is depicted deterministically, or even teleologically, as the inexorable march of *progress*. Alternatively, it is a set of tools in the service of organizational managers or consumers, where it may be seen as an *enabler*, and therefore a friend; or as a *disrupter* and foe. Occasionally, it is accused of over-promising and under-delivering, which, for want of a better word, I have called technology as *charlatan*. Finally, because of the numerous references to pipes, and the dominant construct of technology as relating to that part of technology which supports internet and mobile communication networks, I have designated technology as *plumbing* in its own category. I give no textual examples here of these technology constructs because they will feature in a later section.

Having identified a number of what I believe to be the most relevant constructs in the context of the research problem, in the next section I go on to show how these constructs are part of interpretive repertoires which indicate different views of the world of cultural production by locating them in a narrative framework. This then leads to an analysis of subject positions and the related possibilities for, and limitations on, strategic action.

²⁸ This concept is being successfully exploited by a number of fan-funded models, such as Sellaband and Bandstock.

5.4.2 A narrative view

The previous sections illustrate the themes which I have identified as being of most concern to the participants, and the different ways in which particular objects are constructed. In the process of extracting them and presenting them in abstract form, logically sequenced for manageable scientific appraisal, something is lost. That ‘something’ may best be described as the messy struggle to make sense of a complex world. It is both a private struggle and a social contest, though the private element is more difficult to capture. The usual demands made of executives for simple rhetorical coherence mean that typical unmediated intra- and inter-organizational encounters are generally the domain of the *social* sense-making contest rather than the *private* cerebral struggle, with the former only rarely being publicly acknowledged. The research environment did not seek to replicate such typical encounters and therefore, I would argue, it allowed participants a more balanced exploration of the dilemmas and paradoxes inherent in cultural industry. Whilst some were more confident in expressing their expertise and wisdom (or ignorance) than others, and despite some evidence of toeing corporate lines, most participants demonstrated an appetite both for reflection and the capacity to be reflexive. This ought to be a desirable outcome from a research perspective, but it does lead to participant inconsistency and presents a challenge for the researcher in pursuit of a clear distillation of findings.

To meet this challenge, and holding to a broadly linguistic methodology, I have attempted to illustrate the plurivocal aspects of the conversations by presenting them as stories in a plausibility contest with each other. A concern with plausibility rather than accuracy of narratives and stories is an important element in the field of sense-making, e.g. not ‘what’s the story here?’ but ‘what’s a story here?’ (Weick, 2001) p.462. The focus is not on finding some kind of universal truth, but something which is fit for purpose, or good enough, and which allows sense-makers to move forward in a continual learning process. In presenting the data this way, I am conscious of Gabriel’s (2004) opinion that the concept of story has in recent years become too ‘comfortable’ in organizational science and that stories are as capable of being ‘vehicles of contestation,

opposition and oppression' as they are of 'enlightenment and understanding' (p62). Notwithstanding these risks, there are several properties of story-telling which lend themselves to the task at hand. The first, attributed by Taylor and Cooren (2006) to Algirdas Greimas, is the facility whereby two chronicles describing two actors in pursuit of the same object, valued differently, can be subsumed into a single narrative:

It is the interplay of the paths – their mutual interference in that each enters the other's practice as a disturbance, however minor – that makes a story a narrative structure with some complexity. In the act of translating experience into an account of it, however, the two paths are not accorded equal status, as one of them is the trajectory followed by a protagonist [] and the other by an antagonist. As Greimas (1987) put it:

'The story is at the same time a story of victory and defeat. What determines the choice between these two interpretations has to do not with the narrative syntax but rather with the axiological articulation of content values. Of the two *conformed spaces*, the investment of one is initially given as being *euphoric*, and that of the other as being *dysphoric*.' (p.79 emphasis in the original)

(in Taylor and Cooren, 2006) pp.117-8

For Taylor and Cooren, all sense-making presents us with a confrontational logic which they express as 'worldview': 'For every story (and every interpretation) there is an anti-story, not just another story [...] It is dichotomous: two-sided, not multi-sided'. (p119). A story draws its energy from the mutual interference of the two sides. Ultimately, the privileged interpretation of the protagonist prevails with more authority from having recounted the contest between the two sides. In the research context, the degree of interference, i.e. the degree of voice given to the antagonist, can be used to gauge a participant's confidence that the protagonist's interpretation is the more compelling one.

Other generic properties of story-telling include its use of poetic tropes and licence. The latter is described by Gabriel (2004) as a psychological contract between the storyteller and audience. It allows the storyteller to 'mould' (p.64) the material in the name of giving a voice to experience, consistent with the idea that the truth of a story lies in its meaning, not in its accuracy. Moulding can involve the freedom to attribute many things in the

name of plausibility and meaning, such as motive, causal connections, blame and credit, and fixed and consistent qualities to simplify otherwise inconsistent and confusing characters or whole classes of people. Recognizing the inherent risks of poetic licence, Gabriel (2004) calls on researchers not to treat all stories or voices of experience as equally valid and worthy of attention:

Disentangling these voices, understanding them, comparing them, privileging those which deserve to be privileged and silencing those which deserve to be silenced, questioning them, testing them, and qualifying them – these seem to me to be essential judging qualities that mark research into storytelling and narratives as something different from the acts of storytelling and narration themselves (p74)

With these cautionary principles in mind, I will now present the stories, or ‘tales’ as I shall call them, at play in the participant discourse. Though I have resisted the ‘silencing’ of any voices, I believe that I have presented them in a way which lends itself to a critical appraisal of the strategic implications of the narratives.

Seven tales

Considerable reflection and iterative readings of the texts have led me to the conclusion that most arguments made by participants in their diagnoses and prognoses can be reduced to seven tales designated by their central protagonists, namely: patron, discerning curator, protective curator, liberal curator, disseminator, inventor and businessman. The first three of these tales are embedded in the traditional recorded music industry. The next two are highly contested between old and new stakeholders. The last two are not exclusive to the music business, but are well recognized sub-plots which support or undermine the first five, depending on context. As the tales have some scope for variation, they are best described with reference not only to their protagonists but also to their antagonists, who are instrumental in defining the significance and authority of each tale. Plot headline and protagonist and antagonist variations are as follows:

The Patron's Tale

Plot: noble patron discovers lowly but talented musician, nurtures his gift, and fulfils his potential to bring beautiful music to the world.

Protagonist variations: the promoter, the defender, the nurturer, the enabler.

Antagonists: the unforgiving public, the brutal competition, the insensitive capitalist machine (sausage & biscuit factory), the dangers of premature success, the svengali, the allure but false promise of democratizing technology.

The Discerning-Curator's Tale

Plot: discerning-curator makes exciting selection of new music, further consolidating position as leading authority on musical culture.

Protagonist variations: the talent-spotter, the cultural-guardian, the critic.

Antagonists: democratizing technology, undiscerning disseminators, revolutionary liberal-curators.

The Protective-Curator's Tale

Plot: protective-curator safe-guards value of music through improved security.

Protagonist variations: the gatekeeper, the custodian.

Antagonists: thieves, pirates, revolutionary liberal-curators, honey-trap setters, anarchists, disruptive inventors.

The Liberal-Curator's Tale

Plot: liberal-curator increases public awareness and individual relevance of vast music library through improved accessibility.

Protagonist variations: the liberator, the democratizer, the concierge, the matchmaker, the pollster.

Antagonists: over-zealous protective-curators, fat and complacent businessmen, elitist discerning-curators.

The Disseminator's Tale

Plot: disseminator connects people with music and musicians, and through music, with each other.

Old* protagonists: the broadcaster, the distributor, the impresario, the shopkeeper.

New* protagonists: the internet service-provider, the mobile phone operator, the social-networking service provider, the digital music service provider, the file-sharer.

Antagonists: over-zealous protective-curators, meddling referees.

*Old and new disseminators are antagonists to each other as their success is mostly defined by their dominance or 'reach'.

The Inventor's Tale

Plot: technology break-through!! – inventor improves lives.

Protagonist variations: the innovator, the visionary, the entrepreneur, the technologist, the scientist.

Antagonists: Luddites, the technologically ignorant or gullible, record company executives who are fat, complacent, slow, unresponsive, and stuck in an obsolete product conception.

The Businessman's Tale

Plot: businessman perceives opportunity in the market, co-ordinates resources to exploit strengths and defeat threats, makes return for shareholders.

Protagonist variations: the entrepreneur, the chief executive, the financier, the value-builder.

Antagonists: thieves, pirates, revolutionary liberal-curators, Luddites, short-term investors, disruptive or manipulative inventors.

In addition to these seven tales, which aim to explain the roles and goals of primary participants, there are two other, more generic, tales which participants' use to claim their own authority and wisdom:

The Referee's Tale

Plot: referee intervenes to ensure fair and productive play between bakers and slicers in pie competition.

Protagonist variations: the politician, the bridge-builder, the leveller, the judge.

Antagonists: over-zealous protective-curators, revolutionary liberal-curators, thieves, pirates, opportunists, elitists, the unchecked capitalist machine, the stubborn.

As one might expect, this tale is told by the two participants whose representative positions are as a result of democratic process, the government minister and the chairman of the IFPI. Perhaps more interestingly, it is also a tale invoked by some users of the web 2.0 discourse.

The Wise Man's Tale

Plot: experts compete for title in wisdom contest.

Protagonist variations: the expert, the enlightened, the experienced.

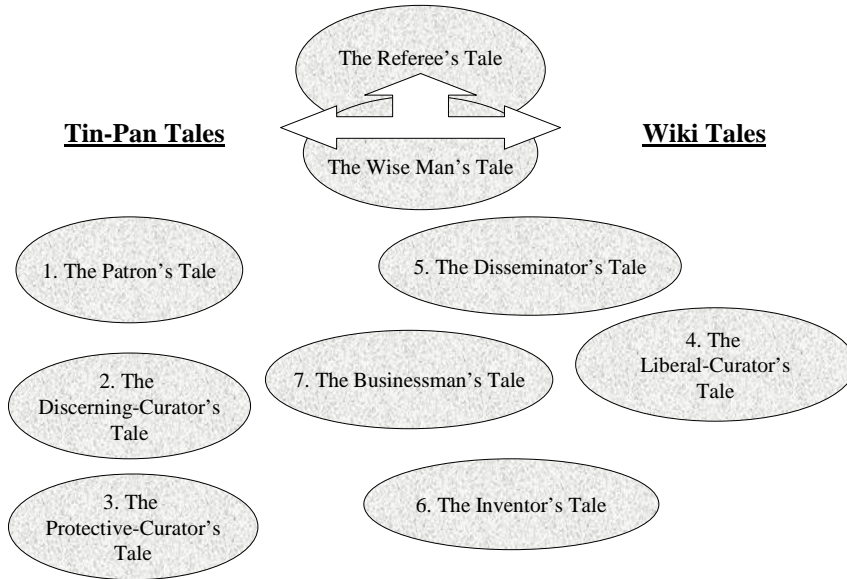
Antagonists: the confused, the ignorant, the gullible, the lazy, the obsessive, the hungry, the distracted, the proud, the scared.

Whilst one might expect all of the successful and influential participants to invoke this tale, there are certainly some for whom it is more important than others.

Tin Pan tales and Wiki tales

As mentioned, some of the tales draw from a traditional recorded music industry discourse, whilst others are products of a more precocious web 2.0 discourse of consumer empowerment and liberal pluralism, where music needs to be set free from those who would cage it. In order to give some emphasis to the competing tales I have mapped them to these two competing discourses in figure 8. I refer to the former as Tin-Pan tales, recalling the old name given to the music industry (Tin-Pan Alley), and the latter as Wiki tales, in reference to the Hawaiian word for 'fast' and adopted by the internet community to describe open format web pages which create widely accessible and collaborative community space. Generally speaking, the tales of the businessman, inventor and disseminator are less clearly polarized and are not the exclusive domain of either of these two discourses. However, amongst the research participants, the businessman's tale is more used by tellers of Tin-Pan tales, and the inventor's and disseminator's tales are used more by tellers of Wiki tales

Figure 8: A Storytelling Contest



It is worth noting that the polarities in figure 8 closely resemble the custodial tensions illustrated in figure 6. Tin Pan tales sustain an economic system of cultural intermediation by protecting cultural and artistic standards, and by promoting the value of expert filtering and nurturing (patron and discerning/protective curator tales). Wiki tales, by contrast, promote the civil rights of a wider public: to access and to generate cultural capital, by allowing consumers more choice in what they listen to, empowering individuals to become artists outside the narrow filter of record companies and other cultural intermediaries, and by using the wisdom of crowds to dictate quality and value (liberal curator and disseminator tales).

Other tales

The assertion that all plots can be reduced to those included in figure 8 exploits to some extent the poetic licence (referred to earlier) of omitting material for the sake of communicating meaning. There were two further categories of tale which are regularly but fleetingly referred to by participants. These tales are much more prevalent in the contextual data, especially the media cuttings and blogs. They are the tales of the music

consumer and of the musician and I refer them in the plural as there are more protagonist variations:

Tales of the Music Consumer

Protagonist variations: the customer, the fan, the collector, the promoter, the socializer, the active, the passive, the pliant, the exploited, the cash-rich/time-poor, the time-rich/cash-poor, the content-generator, the empowered, the entitled, Robin Hood.

Sometime participants would relate consumer tales with themselves as protagonist, and at other times tell the tale in the third person, claiming to have insights into various groups of consumers.

Tales of the Musician

Protagonist variations: the artist, the entertainer, the diva, the slave, the product, the robbed.

I have deliberately, and ironically, called these ‘musician’s’ tales to draw attention to the fact that the word ‘musician’ is rarely used in the conversations. The word ‘artist’ is almost exclusively²⁹ used by participants to describe the originators of music which is indicative of claims to cultural capital.

In both of these groups of tales, the plot and the antagonists vary widely depending on the particular construction of the protagonist, especially the degree to which he or she is empowered or not. The plot lines of these tales are mostly interwoven with the other seven tales I have highlighted, the main differences being the different protagonist attributions of motive, causal connections, credit and blame.

²⁹ The word ‘artist(s)’ occurs 270 times. This compares with only 9 occurrences of ‘musician(s)’, 6 of these being in the same conversation (with a musician).

Multiple positions

All participants invoke more than one tale, so I have attempted to summarize their usage in figure 9. This is based on judgment rather than a numerically precise reference count. Even though the coding would allow such a quantitative exercise, I contend that it would generate only an illusion of precision, and that my intimate knowledge of the subtleties of text is a more meaningful source of categorization than a word count. The light grey shading indicates where participants make use of a tale or a protagonist position, even if only indirectly. By contrast, the black blocked shading indicates where the participant directly assumes the protagonist position. Where a participant directly assumes more than one protagonist position, the numbers in the black boxes rank the degree of emphasis or commitment to each position, with '1' being the most compelling. The purpose of this table is merely to demonstrate the overall complexity of sense-making amongst participants, and not to draw any quantitative conclusions.

Figure 9: Tale usage

	Patron	Inventor	Discerning Curator	Protective Curator	Liberal Curator	Disseminator	Businessman	Referee	Wise Man
Music service provider		3				5	4	1	2
CEO, EMI	3		4				2		1
Chairman IFPI				2			4	3	1
EVP/CFO, Universal Music				2			1		3
Government minister				2	3			1	
Corporate strategy manager, Nokia		1				2			3
Independent producer/A&R	3		1						2
SVP Marketing, MySpace					2	1			
CEO, HMV						2	1		
Head of interactive music, BBC					1	2			
Head of digital, major record company									
New media financier									
CEO, commercial digital radio									
Head of strategy, Orange									
Artist manager									
Composer/producer									

If thesis-length were not constrained, each of the tales would merit further deep exploration of the subtleties of discursive dynamics afforded to their narrators and the implications for strategic action. As it is, I will take just one for further analysis. As the sections on custodial tensions drew out most of the themes of patrons and curators, I select the inventor's tale in order to explore a fundamental difference in conception of technology, and the consequences this has, both for sense-making and for future strategic possibilities and obstacles facing the recorded music industry.

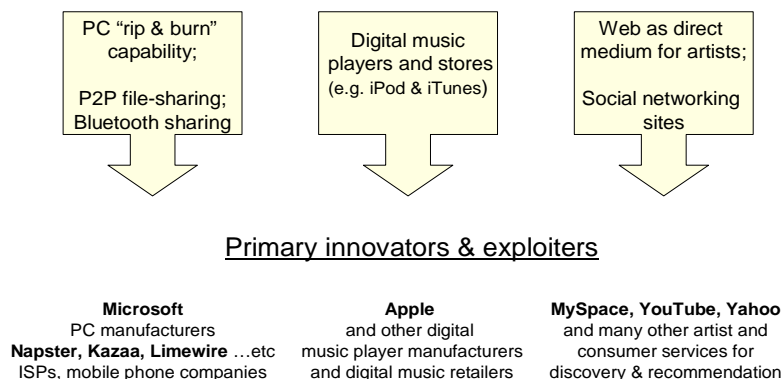
The inventor’s tale – entrepreneurs and technologists

You know, the whole world is going like this digitally.[] That’s kind of just a reality of how technology is changing how the media business operates. (SVP Marketing, MySpace)

This section introduces two important variations to the inventor’s tale, which represent fundamentally competing views of the role of technology in industrial transformation. I use examples to illustrate how participants’ conceptions of their organizations’ products are rooted in these alternative views, particularly with regard to whether those product conceptions are fixed or adaptable. Finally, I explore how perceptions of adaptability affects participants’ views of agency and influence over industrial change, and what strategic possibilities for coercion and collaboration are opened or closed by these views.

We saw earlier that behind some competing interpretations and judgements about the evolution of the music business, there was consensus regarding the technological developments which challenged the control enjoyed by the traditional recorded music industry model. These are expressed in figure 10:

Figure 10: Technological development



Away from value-judgements regarding whether these developments are good or bad, fair or unfair, they are relatively uncontested constructs of what has ‘happened’ in the environment of recorded music³⁰. I refer to all these developments as ‘developments’, because as soon as one starts to describe them it is difficult to avoid colouring their construction. In this section I am particularly interested in those elements of their construction which indicate the participants’ views of the role of technology in industrial transformation.

The alternative ways of looking at the role of technology in the history of the music business are thoughtfully described by Timothy Dowd (2006). He divides the prevailing views of technology and industrial transformation into two competing depictions, which he calls atomized and embedded. Atomized depictions treat technology as driven by natural laws and little-shaped by contextual factors. Technologies provide optimal solutions to problems and diffuse easily as individual actors negotiate market opportunities in relative isolation, following universal laws of efficiency and profit. He cites Disco and van der Meulen’s (1998), lament that in such a depiction ‘technologies develop according to an inner logic...and are therefore more or less impervious to human influence. On this view you can’t hurry technology, but neither can you constrain it once its time has come.’ (p.4). By contrast, the embedded depiction attributes much greater influence to human agency. Markets are context-dependent and affected by inter-firm relations and state policy. Technology is similarly ‘contextually-contingent’, and market change is prompted by ‘successful strategies regarding technology, rather than new technologies *per se*’ (Dowd, 2006p.206).

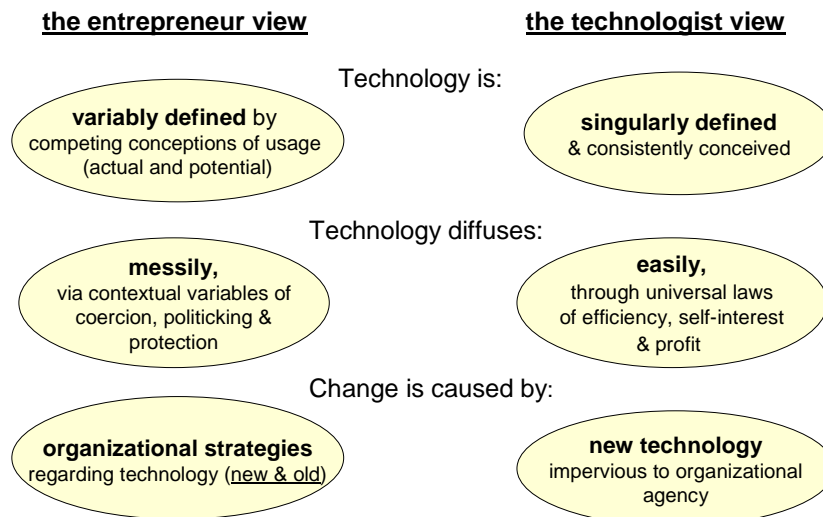
The embedded and atomistic views resonate with the variations already noted within the inventor’s tale, particularly the distinction between two types of protagonist-hero: the technologist, whose primary focus is the *scientific breakthrough* possibilities of technology, and the entrepreneur, whose focus is the *product* and market possibilities. In describing an entrepreneur as an inventor I am making the point that, for many people,

³⁰ One notable omission from figure 10 is the greater accessibility and affordability of domestic recording software, but because it is a relatively small specialised market, innovators and exploiting companies do not attract much attention.

new technology is only recognized once it has been conceived and successfully marketed as a product. This focus on marketing to establish a dominant product conception is an element of invention which is often overlooked by technologists. The antagonists of these two versions of the inventor's tale are similarly nuanced. For the technologist-inventor, the antagonist is the Luddite, ignorant, or stubbornly in denial of the inexorable march of technological progress. By comparison, the entrepreneur-inventor believes that technological evolution is more malleable and ductile in the hands of imaginative leadership. The entrepreneur-inventor may utilize the same vocabulary as the technologist-inventor in accusing his antagonists, but he is more aware, and sometimes more respectful, of their power, intelligence and motives. He therefore views them as worthy opponents rather than as fools. The distinction between these views of how technology transforms industry is illustrated in figure 11.

The distinction could be illustrated by comparing Apple's entrepreneur-inventor (Steve Jobs) with Napster's technologist-inventor (Shawn Fanning). More so than most big corporation CEOs, Jobs is closely associated, if not credited, with Apple's inventions, not least the iPod. Success with regard to this invention is generally attributed more to a meticulous attention to design and marketing (product conception) than to being first to market with new technology. The fact that the iPod has become a synecdoche for all digital music players, despite coming to market several years after its competitors, would support this view³¹.

³¹ Apple's success with the iPod bears comparison with Kodak's institutionalisation of technology through the roll-film camera between the 1880s and the 1930s, as reported by Munir and Phillips (2005) who examine the discursive processes which naturalize, legitimize, and domesticate a new product conception, transforming it from being a novelty item to an essential one for a mass market.

Figure 11: The inventor's tale (variations):

By contrast, Fanning's focus on being the first to invent a universal file-sharing technology was apparently not distracted by product or market concerns.³² Spitz and Hunter (2005) refer to the dominant interpretation of the atomized portrayal of Napster's arrival as a 'one-time heroic event' (p.178), performed by its 'inventor', Fanning. The very concept of inventing something might seem to contradict the notion that technology is impervious to human agency. However, the urgency inherent in the culture of technologists betrays an underlying determinist view that, 'once its time has come', the only scope for agency conceded by technology is in the race for discovery and accreditation. Gelatt's (1955) account of the apparently unrelated yet simultaneous invention of recorded sound in 1877 by Clos in France and Edison in the USA would support this view.

A participant tells his account of the Napster events from having been involved at a later stage in providing litigation support to the US recording industry:

³² After losing its legal battle, Napster subsequently pursued authorized commercial opportunities, though mostly unsuccessfully. Fanning has had some success with derivative ideas such as Snocap, a legalised file-sharing solution, which was sold to Imeem in 2008.

Now these [the Napster] technology people, I know how they think. They'd go, 'are they [the record companies] mad?' Doesn't matter whether they're right or wrong but their thinking will be, 'technology, why on earth wouldn't you do it?' They're sitting there going, 'we've got 18 months' (before someone else invents or discovers it). These people [record companies] aren't going to do anything in 18 months. Bollocks, we'll do it anyhow'. And it was called Napster, the original peer-to-peer Napster. And it's the frustration...

(Music service provider)

The vignette illustrates the participant's claim (he is himself a direct teller of inventor's tales) that Napster and other file-sharing technologies were not (as often reported) created by young men who were specifically motivated by the desire either to steal music or to liberate music from the tyranny of the record industry, but by technologists who were compulsively and competitively driven by the adrenalin of possibility and invention, irrespective of the consequences. The account is preceded by the participant's explanation of the central tension between technology and the recorded music business:

He (CEO of the PPL³³) said, 'I want to know, why do the record people hate technology people and the technology people hate the music industry? Because I see it every day of the week.' I said, Fran, I'll come and explain it to you. I said, it's called speed and it's called a back catalogue. He said, 'explain'. I said, in the technology world that my background is from, what happens is you invent something, you typically have an 18 month window to exploit it before your competitors can catch you up []. I said, the music industry don't have that problem. I said, they have got what's called a back catalogue. If the music industry is having a bit of a tough time, dig out the greatest hits, dig out this, that and the other and it's called the back catalogue. And the record industry exploits it beautifully. But the IBMs of this world can't have a slightly dodgy year and then say to the market, hey, welcome to the 486, you know, because it doesn't work. So the music industry have got a back catalogue to fall back on if the new products are not available or not performing as well as possible. And therefore that creates a lack of urgency because they always know they've got the comfort value of a back catalogue if necessary. The technology industry don't have that.

(Music service provider)

³³ PPL is the UK central licensor for music use in broadcast, public performance and new media

The back catalogue, as something enduring and worthy of protection, is an important element of the curator's tale, but to the inventor it is a source of both frustration (it gets in the way of invention) and envy or injustice (we don't have one, so why should they?). It is a good illustration of complacency being attributed as a diagnosis for the music industry's problems. Back catalogue is something with a 'comfort value', something to 'fall back on' in 'tough times'. The presumption of its enduring quality³⁴ explains why exclusive control and protection of rights are central strategies of record companies, but such strategies limit opportunities for collaborative dialogue between technology innovators and content owners. Here, catalogue is a structural concept which has behavioural effects: it breeds a 'lack of urgency' and indecision amongst rights-owners, which provoke impatient technology innovators to act unilaterally, not waiting around for resolution. ('bollocks, we'll do it anyhow'). This participant's view that technology ought to diffuse easily is not undermined by the obstacles of other stakeholders. Rather, he believes that messy cognitive differences can be resolved simply, if he could just get people together in the same room:

I was talking to Fran and I explained this to him. He said, 'that's fascinating', he said, 'we've got a back catalogue and the IT industry doesn't. Therefore everything that they do has to be faster.' And it's as simple as that. It's nothing more complex. [] I didn't have that blinkered view about, these people are like this and these people are like that so I think I've got a reasonably balanced view between the frustrations that these people feel and the frustrations these people feel. And also if you were sitting there trying to get a deal done you could probably do it understanding both sides of the coin. You know, so if I were sitting there with the PPL in one school and IBM in the other, I know that neither would understand a word that each other's talking about. But I...[] could bridge it and it's not because of any intelligence. It's just that I've been doing it for too long.

(Music service provider)

³⁴ In the UK, copyright on sound recordings is protected for 50 years from the date of recording, meaning that pre-1958 recordings are already in the public domain. This is longer than the patent protection afforded most new technologies.

This participant is the clearest direct example of what I refer to as the technologist version of the inventor's tale. This should not surprise us as he comes from a technology background as he was at pains to point out on a number of occasions during the conversation. But the inventor's tale is not the exclusive domain of participants who are themselves inventors, and the extent to which all participants draw from either version of the inventor's tale is indicative of where they attribute blame or credit, and of where they see solutions:

the record companies have let technology happen to them, instead of saying, 'okay, this is clearly a trend now. We are going to be proactive and we are going to accept the fact that we have to go with a different business model or accept the fact that people are not going to do what we want them to do in this space'. And they've been slow to react [] I wonder whether they haven't listened to the audience enough and rather, you know, listened to technologists and listened to, you know, financial advisers and listened to... I wonder whether they've actually really tracked consumer behaviour and consumer opinion.

(Head of interactive music, BBC)

By way of contrast, he credits the BBC with redefining radio in the digital age. In the old days, radio was a box which emitted scheduled broadcasts which the listener had only once chance to hear. Now, it was 'chopped up, downloaded, and segmented' as a 'multi-media audio experience':

Well, put it this way, our department, our group used to be called Radio Music. We're now called Audio Music. It's about rich, deep, immersive multi media experiences of which sound, audio is part of it. [] And it's quite interesting if you think about it as well... when you think about the new digital radio stations the BBC launched, they don't have the word radio in the title. You have BBC 6 Music. You have 1 Extra from the BBC. You have BBC 7, BBC Asian Network. They don't have Radio 1, Radio 2. They are... now this was clearly a clever bit of long term thinking from Jenny Abramsky but you know, and actually a lot of people have argued that it was wrong because people get confused. People still call 6 Music Radio 6, but not having the word radio in it actually I think was the right thing to do because it's saying it's a brand, a digital music brand.

In this context, Jenny Abramsky³⁵ could be described as an entrepreneur-inventor, seeing the opportunity to use technology to reconceive radio as a product, i.e. converting it from a box-bound broadcast experience to a ‘rich, deep, immersive, multi-media experience’, and one which puts the consumer (redefined from ‘listener’) in control by being able to choose the format and timing of their consumption. In this conception of technology, it is clearly subject to human agency, even though Abramsky had to convince ‘a lot of people who argued that it was wrong’. The BBC was sufficiently well-resourced to plough its own furrow in the digital field, though this has not been achieved without controversy and opposition from commercial broadcasters complaining that the BBC was abusing its public service status by investing in what were perceived as more commercial digital investments. Yet despite the BBC’s resources and strong position in UK radio, the participant still feels that:

we [the BBC and record companies] really should be working together on that [a new music model] because... I mean still the biggest way that people discover new music and then go on to purchase it is by hearing a song on the radio. Now obviously that may decline from sort of the 92% of times to sort of something less, but it’s still you know, way up there. So I would say, you know, that the record industry should see radio and particularly radio as a friend and should, you know, again look at it from the consumer’s point of view

The participant implies that the BBC has something to teach the record industry in working together to reconceive a music discovery model and in the process how to use technology to its advantage. It is interesting to compare the BBC radio view with that of the commercial radio sector, which refers to the relationship with music as a forgotten friend:

I think there’s a real problem there in that I think the music industry has forgotten who its friends are and I think there is a real danger that that will damage the relationship. [] It was a good relationship, sorry horrible word, symbiotic relationship, you know. You knew who’s back... everybody had to scratch each other’s back and it kind of worked and it was great. [] But I just

³⁵ Jenny Abramsky was at the time of writing the Director of Audio and Music and the most senior woman in the BBC. (Wikipedia)

think that that relationship has broken down somewhat so now there is... you know I detect an attitude in the radio stations of, you know, 'sod the record companies! What have they ever done for us? Sod PRS³⁶, they've having their money, you know, we'll decide'. And so... and money ... the amount of money involved now I think has probably caused a split. [] There are too many people taking too much greed on the way with the upshot being that if a radio station wanted to do this [experiment with radio/mobile subscription model] as a source of revenue I think they'd make something like 4p a track which is a complete waste of time. (CEO Commercial digital radio)

This participant expresses enormous frustration at the fact that technological developments have caused the record companies to act in an ever more restrictive, fearful and non-collaborative way which has destroyed the previously robust and symbiotic relationship with radio stations. In response to the question of whether the radio stations could negotiate with the PRS in unison:

That's the difficulty. I can see commercial radio acting in unison but they wouldn't want to do it unless the BBC did. Now I'm preaching heresy here and it's purely, you know, speculation and so on as to what might happen. But I do worry that... every time that I've seen a renegotiation of the PRS and PPL rights they've become more restrictive and I'll give you a digital example. When we started digital radio one of the big things that benefited... that we were able to say 'digital radio is better is because we had scrolling text and the scrolling text would say, playing now is this and playing next is this'. And within two years PRS and PPL said, 'we're not doing that. You can't say what's coming next. Can't tell people what's coming next! They might record it and pirate it'. Well, you know, for fuck's sake! I've heard some bonkers thinking but commercial radio went, 'oh no, we're scared, we're scared, we're scared. Oh no, we agree to that.' So now you're not allowed to say on scrolling text what the fuck's going to be played next. Bonkers. You know it's bonkers. I know it's bonkers. But some little prat at PRS thought they had won a great victory. And you know... and I'm sorry if I'm being so harsh about this, but I just think that people have lost their sense of reality over this. If somebody wants to pirate music they're not going to do it by recording off the radio for two very good reasons. One is they can get it a damn site easier off the internet. And secondly the DJ talks all over the music. So what have you

³⁶ PRS is the UK body which licenses music to radio.

pirated? You've pirated something that's got a crap beginning and a crap end which you might edit.

The scrolling text referred to in this extract is a modest example of digital technology being able to improve the radio listeners' experience by informing them of what song is about to be broadcast next, but it is indicative of the culture of the organizations set up to centrally collect and negotiate certain record industry rights that any development which potentially increases the possibility of unauthorized copying is treated with deep suspicion. Underlying the participant's point is a view that the record companies just don't have the right understanding and attitude towards technology:

The technology on the radios is not nailed down because nobody has sat in a room with the record companies and said, how do we want this to work? [] But you know, you're the first person I've sat down and talked to, who you know, is entertaining a discussion about it. The last time I met a record company was... It was 1998, you know. But that's the point. And there's either a mistrust or there's an assumption that... not an assumption, a lack of knowledge that actually something could be done. And the record companies ... the radio industry at this moment is desperately trying to find ways to make radio sexy, you know, and I think there is a bit of a crisis there. The record companies have a bit of a crisis, you know. You'd have thought two people in a crisis ought to be able to sort something out. So you know, and there is an opportunity.

The 'lack of knowledge' or lack of confidence that technological solutions could be found is again indicative of the antagonists of the entrepreneur-inventor's tale. These extracts from the two radio participants express frustration that the record industry has not wanted to work together to use technology to conceive new ways to market new products to music consumers. I now want to use two core record industry participants to illustrate in more depth the industry dichotomy of views towards technology.

Cultural industry or technology industry?

The next extracts are quite long in order to do justice to the power of the two opposing arguments. Some comments are underlined to draw attention to their polarity. The first is the independent producer/A&R:

...where record companies have got it so wrong over the last 20 years is they only exist because of technology. That's my other mantra. It only exists because Edison invented sound. It only existed because then artists put their recorded performances onto that. Then it became an art form. Things were developed for that. You know, CBS invented the long playing record. You had that art form. RCA invented the 7 inch single. Then Sony and Phillips invented the CD. It's always been driven by technology and today it's driven by technology in as much as Apple invented Logic and you've got Protool so you can record brilliantly on here and you've got the internet which means that music can be disseminated brilliantly but record companies are no longer in control of those two bits. They kind of have their eye off the ball. Really they should.... EMI should not have got rid of its central laboratories of CRL³⁷ it used to be called. And they should have invented the great way of recording for everybody. And the internet side of things, they should have been, 'yeah hey, great, we can do all this.' But instead, the music industry has gone on [...] They're insane to have got out of that because that's the driver because if we assume that recorded music is a separate creative item which it is, but it's dependent solely on technology, not actually on the artists. The record companies have got so big they think it's dependent on their personnel and on the artists. Really it's about technology. So although I'm passionate about artists, clearly I am, it is actually... the record companies are nothing more than technology sellers and that's where they've got so wrong, so so wrong and you'd have thought after CD they'd have got it so so right because that gave them the hugest shot in the arm. Can you imagine if they'd leapt from CD into home recording and internet? They would now be huge multinational entertainment companies. But instead they're just these things that have had this little Canute-like, head-in-the-sand like an ostrich at the side thinking it's all going to be fine, because we control the artists.

³⁷ A popular tale is that the Beatles were responsible for the invention of the CT scanner which was invented by EMI in the early 1970s, the research laboratories (CRL) being financially supported by EMI's music division.

By contrast, this next extract is from the EVP/CFO of Universal Music Group, who by his own description is responsible for ‘all non-creative aspects of the Group outside North America, which means most things other than marketing or A&R’:

we should have been in these (360 degree model) businesses anyway. And it's only taken the decline of the CD to force us into the thinking as to what is our core... our core talent is... our core expertise is finding talent and bringing it into the marketplace. That's what we do. Whether that marketplace is live, that marketplace is merchandising, that marketplace is directing the consumer or that marketplace is sponsors, we should be doing all of that because that is, that is our expertise.[]... there's no real reason why we shouldn't try and participate in those other businesses. And the only reason that we didn't do it before is that we hadn't quite figured that out. We made too much money let's say. Because the reality is that we should have been in the artist business from the start, doing everything, the old Motown model, the old MCA model which was a talent model. You know, those businesses used to manage all aspects of the artist's career. And there's no reason why it should have migrated away to only representing certain aspects of the artist's career. Other than commercially chasing the buck, the big buck was in the CD. It was in the recorded music. That was the big money so you chase after that, and I think wrongly excluded everything else.

Researcher(JW): *I find myself nodding in agreement with all that because it sounds, you know, it sounds right, I mean intuitively right that we're in the artist business and we should therefore look at all the revenue streams. But there's another argument that goes, actually the roots of the record business obviously go back to technology and you know, it did so well for so many decades because it pioneered and developed and controlled technology and then in the, well late 80's, 90's, you know, where several of the big companies lost their connection with technology: PolyGram with Phillips, and Thorn-EMI etc, Matsushita, and you could argue Sony, you know, in a sense, that you know, an industry that had grown and survived on being pioneers and controlling technology and now that that link has been broken it's floundering. So maybe it wasn't always about the artist but has recognized that that is the way forward, but it's only recognized it forward because things have been so grim because of the breaking with technology. That's another argument.*

EVP/CFO Universal Music: *I disagree. I don't think the record business has got anything to do with technology. [] I think that history is that the record business has been owned by technology companies which is a different way of putting it. The music business is just little. It's simple. It's*

about finding talent, bringing the talent to the marketplace. The technology aspect you refer to is the migration from vinyl to tape to the CD which was probably such a paradigm shift at that point in time, to digital, whatever that may mean, which we need to talk about at some point. But at the core of the business, the record company itself should be completely technologically agnostic, because that's not what it does. It basically finds the talent. But the history, you're right, the history is...

Researcher (JW): *But when do you think that history changed?*

EVP/CFO Universal Music: *It didn't. The record business has been the record business since the start. It has been owned. [] So EMI, a light bulb company or whatever the hell they were originally, a scientific company before, through to Phillips, through to Sony, beyond... Even still I think there's an element in Japanese thinking which is that a hardware company needs to own the software company, which is also something that even in Sony's past, if you look through, has been a kind of unmitigated disaster for them, because the two businesses are so diametrically opposite. And engineering, a technical background, is very different to a creative background so it's not a marriage that's made in heaven at all. [] We just need someone else to come around, but history is, we've never been the inventor, and someone has come up with an invention which is a consumer driven invention of which we benefit from that. And I am just very hopeful that that will happen, be it Nokia... The reality is it's probably going to be someone that we've never thought of.*

These two participants reveal an ontological split which has profound strategic implications. For the first decade or so following the invention of recorded sound, the industry was described as the talking-machine industry and the commercial focus was on dictating machines. Even when it was later recognized that music would be the more influential driver of sales of gramophone players, the organizational focus of the first five or six decades of the recorded music business was as much influenced by rapid technological developments, both in sound recording and in playback machines, as by promoting musical talent, as the blurb for Gelatt's (1955) book indicates:

This story of continuous invention, intense competition, and bitter rivalry does not neglect the celebrated artistes who [] are as much part of gramophone history as the men who perfected the reproduction of their music.³⁸

Whilst the promotional opportunities for artists were recognized as early as 1902 with Enrique Caruso, the commercial contribution of artists and music to the evolution of the recording industry is, according to Gelatt's account, better characterized as brand and product endorsement from *established* artists, rather than as discovery and patronage of *new* talent. Even when the huge commercial opportunities were realized by the A&R and distribution model from the 1960s onwards, much of the investment in record companies was still from parent companies whose core strategic interest was technology-based. This was the case up until the end of the 1990s, but by 2000 Sony was the only electronics company to maintain a recorded music company as part of its strategy.

In my exchange with the second participant above, I consciously introduced the historic argument of the first participant in order to explore these two polarized views and their relevance to the process of making sense of what has happened, and what may happen, to the recorded music industry. A further dimension of technology's relationship to music is introduced by another participant:

If you think from punk to 'Dare' by Human League which I think had 5,000 edits, all done on the then most modern machine, you know, that's only a period of about 10 years and I think those things make huge differences in the music we listen to whether we're aware of them or not. And I think there will probably be.... Sampling was probably the last great innovation in pop music and I think we're probably due another one in the not too distant future. And I think it will probably be technology-based.

(artist manager)

This view is that technology does not merely serve to reproduce faithfully a technology-free original, but that technology is as much part of music as the traditional constructs of

³⁸ Roland Gelatt's book is a diligently researched history of the industry from 1877 to 1955, and was recommended to me by the independent A&R/producer participant as a reminder of the music industry's dependence on technology innovation.

instruments and vocals. The view counters what Katz (2004) has called ‘a discourse of realism, which has for more than a century reinforced the idea of recorded sound as the mirror of sonic reality, while at the same time obscuring the true impact of the technology’ (p.1)³⁹. He sees the true impact as being in the aesthetics of composition and instrumentation itself, which he illustrates with many examples, from the adoption of violin vibrato in the early part of the 20th century, to synthesizers, sampling, turntablism, and scratching.

Whilst this distinction may seem to be the domain of art rather than organizational science, the purpose of drawing attention to these ontological questions of whether recorded music is just a representation of some other reality, or is the real end product itself, is to illustrate how different interpretations of what music ‘is’ lead to different strategic positions. Those with an entrepreneur-inventor bias assume that, whether through collaboration or single-minded coercion, technology can bend to organizational strategy through the process of product conception or re-conception. By contrast, a technologist-inventor bias views technology as something outside the control of organizational actors and therefore someone else’s domain. The Universal EVP/CFO falls into this latter category (*we just need someone else to come around, we’ve never been the inventor. The reality is it’s probably going to be someone that we’ve never thought of*). Ironically, he illustrates a more positive view of strategic agency with reference to another media industry:

Who would have thought that 10 years later, you know, there would be whatever is, 15 million households, 17 million households paying north of £40 a month to watch TV and to watch sport on TV. And you know, it’s extraordinary even looking back on it but that journey that they embarked on, who would have thought that they would be able to have got set top boxes, you know, set top devices out to all of these... put aerials on everyone’s bloody houses and get engineers round and help desks and PIN numbers and then start with movies but then realize it wasn’t movies, it was really sport that people wanted, paying huge amounts of money to secure the football rights. And look where they are today, completely and utterly changed the whole face of TV. (EVP/CFO Universal Music)

³⁹ This book reference is also included due to recommendation by the participant

This participant represents Universal Music, which is the clear leader in the global recorded music business and has a market share in the UK which hovers around 30%. Along with three other companies, they collectively represent more than three-quarters of the market, and they are represented by a highly active and vocal trade body (the BPI in the UK, part of the IFPI globally). Yet despite recognizing the impressive single-minded agency of BSkyB in transforming the UK TV industry, the same participant is much less confident about being able to influence the digital music environment:

you've got to figure out what is within your power to do and what is not within your power to do, and if you think that right now, if your strategy is to grow digital, my view would be that that is not something that the record industry can, is within their power, so it shouldn't be part of their strategy.

There is a resignation amongst record company participants to assume that they are relatively powerless to influence developments in digital technology. This next comment is from the head of digital at a major record company (note that reference to the company by whom s/he had been employed for six months, is in the third person):

So they [the record company] go the same way. So they end up doing the same thing. To be honest I'm really not claiming to be a genius because that's all that would occur to me is that you stream it for free and you ad support it, but it's not terribly radical.[] And that acceptance of reality as it is, rather than how you would like it to be, is the important bit. And I don't think there's ever been a great incentive for a company like [employer] to perceive it in that way...

(head of digital, major record company)

For someone who claims to have worked at the leading edge of new media, this seems a surprisingly defeatist position, and may explain why s/he left the company three months after making the comment. The collective passivity of the recorded music industry is a common theme:

I'd have liked to have foreseen the timing and importance of the emergence of iTunes and had an opportunity to think through fully the relationship therefore the record companies had with iTunes, ahead of iTunes deciding for us all. (new media financier)

The Apple relationship is a good example of the perceived impotence of record companies with regard to technology, though there is an added complication of being accused of anti-competitive practices:

Researcher (JW): *maybe it (change) could have been accelerated, you know, collectively with the industry taking a different attitude on DRM perhaps but...*

Former CEO, EMI: *Yeah, but there's something which people really forget, especially the media, that there are anti-trust laws, and they make any move extremely, extremely difficult. And really when you're talking about seismic changes like this, you would like to be able to make it as an industry and not as an isolated company and its even true for Universal. So we could not... a lot of the moves we would have wanted to make, we immediately had Spitzer⁴⁰ and the anti-trust authorities, both in Europe and the US on our back, so that's why I think it's a bit unfair when people say, you know, you haven't been reacting fast enough. [] And EMI with 13 or 14% market share can't change the industry. And Steve Jobs understood that very clearly.*

This extract brings us back to the question of the extent to which the entrepreneur-inventor can, through product re-conception and coercion, politicking and protection, effect technology-based change. As we saw in the custody section, some in the recorded music business feel disadvantageously caught up in a bigger format and interoperability battle between Apple, Microsoft and others. The extract above implies that the only way to take control of technology is to establish a dominant industry position, such as that held by Apple in the market for digital music players, but the participant believes that anti-trust authorities will never allow the music companies to become so dominant.

⁴⁰ Eliot Spitzer was the New York State Attorney General and well-known prosecutor of white-collar crime. He pursued the record industry for many years through investigations of payola and price-fixing. To the satisfaction of many industry executives, he resigned in March 2008 in the wake of his involvement in a high-priced prostitution ring.

To conclude this exploration of strategic narratives of technology, and the competing bids for role of central protagonist, I want to return to the relationship with the mobile phone companies, which several participants see as an area of optimism for the recorded music industry, and highlight how perceptions of product and technology define both the possibilities and the constraints for collaboration between the two industries. In the earlier section on value-shift, we saw the participant views on opportunities offered by integrated mobile phone services, and concluded that they face complex negotiations as the various stakeholders fight for value and power. At the heart of the struggle is that each party values its own contribution higher than the others, and wants the direct relationship with the end consumer:

Now one thing that digital will do is that it will give us an ability to deal directly with the consumer that we've never dealt with before. And therefore let's say technology is our friend in that regard rather than our foe (EVP/CFO Universal)

The strategy head at Orange takes a different view of who should be in charge of the customer relationship:

So the people who have the ability to link it up should be the network providers because they have the intelligence of the network and they're looking across the platform. But there's confusion between the likes of Apple, Nokia, and to a certain extent, the existing music industry trying desperately hard to market straight to the consumer.

This participant sees his own company, a network provider for mobile phone and internet services, as the logical interface with the consumer. Hardware companies (Apple and Nokia) and content companies (the record companies) are not well placed to fulfil this consumer-facing role, and by attempting to do so they are upsetting the equilibrium and confusing the consumer. The strategy manager from Nokia sees it differently:

my preference when I was looking at this a couple of years ago was to have a company like Nokia act as a revenue collector and we would charge £3 a month and then the consumers would get unlimited music and be able to share it and all the rest of it... [] ...both of you [record companies

and network providers] are having similar issues where you want to connect with your customers and you have sort of, dwindling in their eyes, value proposition and inability to really create new services on top of it or not being as effective at creating new services on top of it.

This proposal puts Nokia, a handset manufacturer, firmly and competently in the front-line, illustrating the strategic and competitive desirability of having this control of the consumer relationship.

The record companies have fought the phone companies on the consumer-access issue, but may be conceding:

the great belief at one point was that this was going... one of the fundamental shifts was going to be that the record companies themselves would have a direct relationship with the consumers. And we thought we were going to be the gateway to the consumer, and therefore we wouldn't allow the telecoms to get between us and our consumers. And so the big sticking points in negotiations became access to the consumer database and the telecoms would say, 'no bloody way. We're not giving you that'. And we'd say, 'well we're not giving you our music then'. You know, all of this standoff. And I think another piece of pride swallowing will have to be that we have to recognize that actually probably that fundamental shift hasn't happened and that there are... that effectively the record companies are still dealing with retailers. It's just that those retailers are different people. They are phone companies...(new media financier)

Universal has had a similarly difficult experience with the mobile phone network service providers, as we saw earlier in the reference to Vodafone as the '800 pound gorilla bullies':

Everyone is trying to be something that they're not. And you can't be that. So if you're a mobile company, you're not a content company and you shouldn't be.[]... what happens is if you're a Tel Co and you want to take 50% of margin where you don't incur 50% of the cost it doesn't work. So if you're a distributor you should take a 10% margin and be done with it, but that's not their view of what they should be doing. Japan's quite different by the way. So in Japan the telcos basically provide the environment and it's the most successful digital content business in the

world and it's because the telcos behave as distributors and not as content...(EVP/CFO Universal Music)

As with the Nokia and Orange participants, the Universal participant has equally clear and fixed views of identities, products, services and fair play with regard to distributors and content companies. Though Universal is making some progress with Nokia on their 'Comes with Music' project, the participant continues to be exasperated with Vodafone. Underneath the exasperation with Vodafone's bullying stance, there is an exasperation that they are failing in what he perceives as their responsibility to innovate:

..it's [growth in digital music revenues] nothing to do with the record industry [] It's to do with others. The others figure it out, we're very beholden to them. Now you can sit down and you can try to help them along the way, and you can make things available, you can give them licences, you can give them content, you can give them exclusives, you can do whatever. But until someone comes up with a product offering that's compelling to the consumer, then it ain't gonna work. We spent years trying to help Vodafone figure all this stuff out.

He explains that Universal is working on a collaboration with SonyBMG (the second biggest record company) to provide a subscription service through an alliance of all content owners, but:

it's very problematic...I just fear that that's going to fail.

Once again, the feeling is that even a collaboration of the most powerful companies in the recorded music industry cannot master technology alone, and that they are 'beholden' to others to reconceive the consumer offering.

I will leave the last participant word in this section to the strategy head at Orange, who seems to me to best sum up the state of play in 2008:

I think at the moment there are too many people bouncing around the place and, yeah, which is leading to a lot of confusing messages in the market, which is leading to over-promising and generally under-delivering and what is deemed now convergence is what I would loosely call an aggressive bundle. It's not at a user level yet and we've discussed, you know, mobile companies

coming at it with a mobile phone approach, handset companies coming at it from a handset side and we've got guys from the existing business looking to deal with these people, but it's not joined up. And I think there's still an opportunity to have a really, you know, people to have...partnerships are difficult things but if you are absolutely clear what you're trying to achieve by that partnership, if you say, Sony BMG and you say, right, we have this type of content which is really appealing to this type of person and you as Orange say, we've got this type of handset range and this type of tariff and this type of marketing campaign that you, Sony, can leverage with us to this, exactly the same type of person, then, you know, you're complementing each other and the business model is you know, transparent and agreed. And I think you know, that sort of proposition where both of you have clear aims and focus could work very well.

(head of strategy, Orange)

There are many examples in the texts of participants expressing their desire for greater collaboration. Equally, there is intellectual vision that, with the combined skills and assets of record companies, network providers and handset manufacturers, compelling new products could be marketed to consumers. However, this wished-for 'happily ever after' ending may be a common conclusion to what looks like superficially similar inventor's tales, but there is a good deal of competition for the role of central protagonist or hero.

I have used the narrative frame of tales in this section to outline different identities and views of the world which give rise to different attitudes to strategy and change, and to shed some light on the question of why so many solutions to the industry's problems have failed to be commercially executed, despite having been conceived many years ago. In the next section, I conclude the findings and analysis section with critical reflections on issues of power and ideology, and consider the possibilities for change from a broader socio-political perspective.

5.5 Power and ideology

What is the music industry?

It is useful to open this chapter with a macro-level cognitive question of industry identity. Williamson and Cloonan (2007) draw attention to the political dangers of defining music as a single industry when it includes so much diversity, being concerned in particular that the recorded music industry is too often treated synonymously with the whole music industry. This view obscures the fact that live music promotion and publishing, for example, have quite different characteristics from recorded music, not least in the fact that they have had diverging economic trajectories in the past seven years. The authors explore the way that four different groups use industry definitions, either unconsciously or deliberately, to serve their own purpose, namely: trade and representative bodies; media; government; and academics. From this, they report six reasons for refraining from the singular usage of the term music industry. Three of these are of particular interest to this research:

- inequality
- conflict
- policy

‘Inequality’ refers to the fear that seeing music as just one industry over-privileges not only the dominant logic of the major record company model, but also a particular structure based on multi-national operations. The interests of small independent businesses are therefore neglected. ‘Conflict’ refers to the misplaced assumption that all players within the industry have common interests. The authors point to the many conflicts in the industries, such as those between artist and label, promoters and venue owners, and the recording industry and the music publishers. Finally, ‘policy’ refers to the danger of government treating the music industries as having homogenous interests:

‘the DCMS⁴¹ cannot help an industry until they know what it is’ (p.318). They conclude that ‘the nomenclature serves only to reinforce ideas of a single music industry dominated by the large record companies, and assists industry organizations in attempting to impose their worldview’. Williamson and Cloonan’s reference to a dominant, or even an imposed, worldview echoes the comments of the UK government minister:

People have got very entrenched views about that. I mean, these are theologies for some people.

He is actually describing all sides of the debate on music copyright protection, including those who seek liberalization of copyright protection, and not just those who are lobbying to extend it. Theologies may seem like a strong term, but there are certainly some powerful belief systems in evidence throughout the conversations. The tales of patrons, curators and inventors are not isolated stories, but reproductions of sense-making mechanisms which confirm or challenge whole value-systems about the way society should operate, and in this regard they go well beyond the music industries, even as broadly defined by Williamson and Cloonan.

A Foucauldian perspective

Critical discourse analysis locates discursive practices within the wider societal context of grand or mega discourses (Alvesson and Kärreman, 2000), and have a counter-hegemonic objective of uncovering and understanding the conditions which constrain or permit subjugated discourses to flourish, thereby illuminating institutional practice and power relations.

The purpose of using the seven tales in this research was to illustrate both the constructive and restrictive power of the prevailing discursive positioning of those with a stake in the economic future of music. Burr (1995) describes such discursive positioning:

Once we take up a position within a discourse (and some of these positions entail a long-term occupation by the person, like gender or fatherhood), we then inevitably come to experience the world and ourselves from the vantage point of that perspective. Once we

⁴¹ The UK government Department of Culture Media and Sport.

take on a subject position in discourse, we have available to us a particular, limited set of concepts, images, metaphors, ways of speaking, self-narratives, and so that that we take on as our own (p145).

The positions of patron and businessman, and the variations identified in the positions of curator and inventor, make available ways of seeing and ways of acting which can become so well established that challenging them appears inconceivable. Discursive positioning is closely linked to institutional practices in a reciprocal process through which organizations are sustained by discourses, which in turn then validates them. Whether this is described as a virtuous or vicious circle depends on the ideological position of the interpreter. A critical interest in the power of institutional discourse leads me to consider the genealogical concerns of Michel Foucault.

Genealogy

Let us give the term ‘genealogy’ to the union of erudite knowledge and local memories which allows us to establish a historical knowledge of the struggles and to make use of this knowledge tactically today (**Foucault, 1980 p.63**)

Foucault (1977) believed historical aspects had to be carefully explored and stated that, ‘unlike the major and often colourful ‘master’ narratives of history, genealogy is gray’ (p139). This distinction discourages us from being seduced simply by the excitement of disrupting what would otherwise continue to be held as a self-evident truth. His work suggests that the process through which an account can be given of the historical emergence and political construction of institutional rules and accepted social ‘norms’ is not neat, satisfying and digestible, but littered with contradictions that require painstaking documentation. In this context my genealogical reflections are not rigorously Foucauldian, but I believe they nevertheless shed some light on the evolutionary power of discourses which have supported an industrial hegemony.

The discourse which sustained and reproduced the recording industry for the first century of its existence was born of an entrepreneurial-inventor’s position, which used the medium of recording and playback technology products to construct music as an artefact. This was a fundamental shift from music’s previous cultural functions, which were based

on live performance. The proliferation in the channels of dissemination brought about by this new industry expanded both the number and the scope of the roles of patron, businessman and curator. In these tales, a primary objective is to overcome the economic challenge of music being a non-rivalrous⁴² good and to protect and enhance its premium value. Though the statutory protection of intellectual property through culturally embedded copyright provisions has for the most part served this objective well, there have been earlier substantial threats to the sustainability of economic value in the recorded music business. The struggles arising from these threats are worthy of consideration.

In the context of this research, the most illuminating genealogical perspective comes from radio, in particular its relationship with the recording industry, which has oscillated between competitor and collaborator (Huygens et al., 2001, Dowd, 2006, Katz, 2004, Gelatt, 1955). During the American depression, the music which was freely available on radio was thought to be threatening to make obsolete the concept of recorded music as a product to be purchased and owned. Between 1927 and 1932, the number of discs sold fell from 104 million to 6 million (Gelatt, 1955). The big three record companies concluded that record firms suffer from radio broadcasts of recorded music. They opposed broadcasting of their products, instead encouraging radio stations to air live broadcasts of their performers in order to prompt sales. In 1933 they even started to inscribe prohibitions on their discs⁴³ (Dowd, 2006). Government policy endorsed this move, as did the parent broadcast networks of the radio stations, which championed live programming as preferable to recorded music, but by the early 1940s these restrictions had been removed as they were practically unenforceable. Taking a radically different approach, a small newly established company (Capitol Records, later acquired by EMI) believed that radio broadcasts would stimulate sales and began to send free promotional

⁴² A rivalrous and non-durable good (such as a pie) means that its enjoyment by one consumer prevents anyone else from enjoying it. By contrast, in the age of recorded technology, music has become a non-rivalrous good: its consumption by one person does not constrain or diminish its enjoyment by others. Exclusive or sell-out concerts, and rare and undistributed recordings could be argued as exceptions to this generalisation.

⁴³ Inscriptions included: 'not licensed for radio broadcast', and 'licensed for non-commercial use on phonographs in homes.'

discs to radio stations. By 1945, the practice was so institutionalized that the industry measure for success (the Billboard chart) incorporated radio airplay figures.

This historical reference is relevant to the process of critical reflection. The impact of the internet is regularly described in terms which are reminiscent of the fears felt by the recording industry towards radio in the pre-war years. Alternative discourses which conceive of radio broadcasting in promotional terms similarly resonate with the Wiki world arguments that the internet is a promotional mechanism of extraordinary power and reach. Just as Capitol Records saw the opportunity to reconceive the technology of radio, so new entrepreneurs are pursuing the value-creating opportunities afforded by the internet and mobile phones.

The economic value of Capitol's strategy became particularly apparent in the decade between 1950 and 1960, when the majority of sales value had moved from single songs to long-playing (LP) records which were promoted by the massive exposure of those single songs. The technology which allowed longer recording time, combined with the more favourable economics of selling bundles of songs (albums), came to define not only the product but also the artistic process and the production and marketing schedule (Keightley, 2004). Record companies became focused on the longer term developmental potential of artists, with contracts binding artists to multiple album deals extending over many years. In what Mieke (1989) called 'the dialectic of the hit and the catalogue', increased value lay not only in selling bundles of songs on the back of one hit, but also in developing a more enduring popularity of an artist's back catalogue. As we saw in the participant comments, the specific technological-historical origins of this dominant product conception tend to be overlooked or forgotten, and the cultural status of the album format and the concept of artist career are seen as ontologically more absolute and timeless than a historical view would support. This is especially so amongst the baby boomer stakeholders who grew up with this product conception.

The historically evolving product conception is also identified by Huygens et al. (2001), who trace the strategic development of the recording industry from 1877 to 1997. From the perspective of organizational co-evolution, they loosely identify five eras differentiated by the shifting focus of inter-organizational competition:

- 1877 - 1914: competition for hardware (playback equipment and disc format)
- 1914 - 1930s: competition for software (existing & established artists to endorse hardware)
- 1930s - 1950s: competition for markets (new genres, artist development and 'star' system)
- 1960s - 1980s: competition for labels (new artist/genre specialists feeding global distribution)
- 1980s - 1990s: competition for catalogues (acquisitions for scale economies and CD boom)

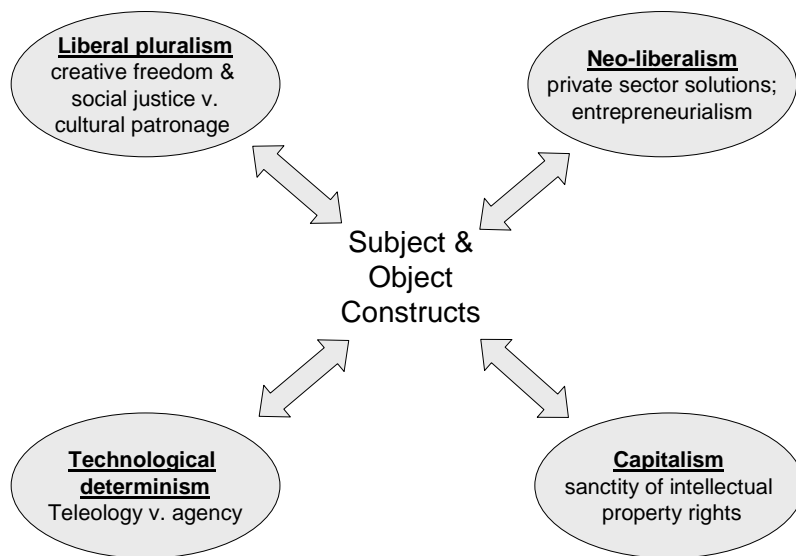
This evolution, and in particular its pursuit of scale economies for physical distribution, resulted in a declining number of companies controlling an ever larger share of the market⁴⁴. From the 1950s the product conception was stable and, I would argue, hegemonic. Since 1999, the economic consequences of the digital unbundling of the album format, together with the decline in the premium value attributed to the physical product, have reversed the scale economies on which the major record companies' infrastructures are built, and are thus financially catastrophic. It is therefore unsurprising that traditional stakeholders are reluctant to give up the dominance of their product conception.

Discursive power and the struggle for survival

The music industry is routinely portrayed as fighting for survival. As illustrated by the texts quoted in this research, the battle is largely being fought with discursive weapons. Alternative and competing conceptions of products and services are inextricably linked to embedded and sometimes ideological ways of seeing the world and acting within it. Figure 12 illustrates, in a highly simplified way, some of the more dominant discourses which provide the repertoire for participants, and for the protagonists and antagonists of the tales:

⁴⁴ As of 2007, four companies represent over 75% of the global market for recorded music.

Figure 12: Cultural and political economy ‘grand’ discourses



The interpretive repertoires underpinning the object constructs of music, record companies, technology and the consumer (as illustrated earlier in figure 7) can now be seen to draw from these grand discourses. The same is true of the protagonist and antagonist identities of the seven tales, and of my constructions of Tin Pan world and Wiki world. Fairclough (2001) suggests that critical discourse-based research should be focused on a social problem (rather than a research question) that has linguistically semiotic aspects. In the context of my research, the social problem is, loosely, the custodial tensions illustrated in figure 6, which are also reflected in the tensions between Tin Pan world and Wiki world. Fairclough’s recommended approach is then to identify obstacles to the problem being tackled and to consider whether the social order ‘needs’ the problem, by asking such questions as: who has an interest in it not being resolved?

does discourse preserve orders, divisions, or authority? The aim of such a process is to seek possible ways past the obstacles by looking for hitherto unrealized possibilities for change in the way social life is currently organized. Whilst socio-political concerns are only at the periphery of my research problem, Fairclough's principles of critical discourse analysis are helpful. Some of the new and growing stakeholders in music have an interest in discursively devaluing the record companies' contribution to the value chain, i.e. they have an interest in the non-resolution of those issues constructed by the music industry as problems. The various participant interpretations of the public discourse promoted by Apple's Steve Jobs on subjects such as digital music pricing, digital rights management (DRM) and subscription models provide a good example of such discursive dynamics, as do the arguments used for and against the concept of disclosure and action by the UK internet service providers to prevent the illegal activities of their subscribers

Through these critical reflections I am reinforcing the point that I do not presume this research will lead to conclusive strategic solutions for the recording industry. Its primary objective is to make more visible and discussible the discursively-bound cognitive obstacles to the process of finding better economic models to support the technologically-driven expansion in the dissemination of music. That said, I cannot in all conscience avoid drawing out at least some strategic implications, which I will now do in the next chapter.

6. Industrial implications

This chapter synthesizes the analysis and findings to consider the strategic implications for the music industry, illustrating Tin Pan world and Wiki world discourse limitations in a broader commercial context. It incorporates contextual data and some of my own experiences which go beyond the confines of the research conversations. It represents my attempt to re-integrate the findings into a more contextually-focused strategic outlook. This increases elements of researcher subjectivity and bias, the limitations of which are considered in following chapters. Nevertheless I contend that this is both valuable and inevitable given the research design.

I begin by presenting Tin Pan world and Wiki world in a pair of industrial diagrams to illustrate where value and power are unstable and shifting. Two further diagrams are drawn which plot the dimensions of discovery and enjoyment of music from which I consider how Wiki world may better serve the new opportunities to commercialize value than Tin Pan world. The participants' questions of the oracle are referred to in the presentation of solutions, differentiating between those which are artist-focused versus those which are technology-focused. I reflect on the obstacles to these solutions and the pros and cons of firm strategies which foster a sharing mindset and collaborative agility, versus rigid coercion and politicking. To conclude the section, I re-consider a prejudice I held at the outset of the research concerning the product conception of the CD and return to Karl Weick for the final word on ambivalence and the equilibrium of action and wisdom in a changing world.

6.1 So what have we learned?

Thus far, findings have been presented in a way which might lead to the rather bland conclusion that fixed and deeply embedded views of the world tend to stand in the way of

adaptation to change. To hypothesize that complacency restricts adaptive agility and collaboration, leading to uneconomic corporate structures and behaviours, does not seem particularly contentious. There are measurable effects which are reported in the public domain: markets shrink, revenues fall, costs remain or fall more slowly, and companies report lower profits. But this would be a very one-sided conclusion. I could equally argue that the stubborn perpetuation of a worldview, by coercion through oligopolies and government lobbying, has generated more returns for shareholders than an organic, innovative, adaptive approach might have done. As the chairman of the IFPI points out:

over the years it's been said how terribly the music industry dealt with the move from the physical world to an online world. If you look at the statistics, in 2007 the music industry had a \$3 billion [online] business. Very few other industries have got a \$3 billion dollar [online] industry. I think the only one that beats the music industry is the computer games industry or you know, the games industry generally. We're ahead of everybody else. We've made great inroads.

This view is, however, the exception, and the dominant rhetoric has been one of industrial failure, which often equates a decline as a terminal condition. The issues raised by participants and illustrated in previous sections are mostly concerned with flawed (in hindsight) responses to relatively uncontested constructions of technological change. There is little merit in hypothesizing about whether different strategies might have yielded better financial results for the record companies, and so I will now try to make a contribution to a better understanding of the strategic options going forward by pulling together the insights from the research.

To start, I want to introduce four diagrams (figures 13 to 16) which are my illustrative constructions based on the research conversations. The first two depict power relations within the different worlds of Tin Pan tales and Wiki tales:

Figure 13: Tin Pan World

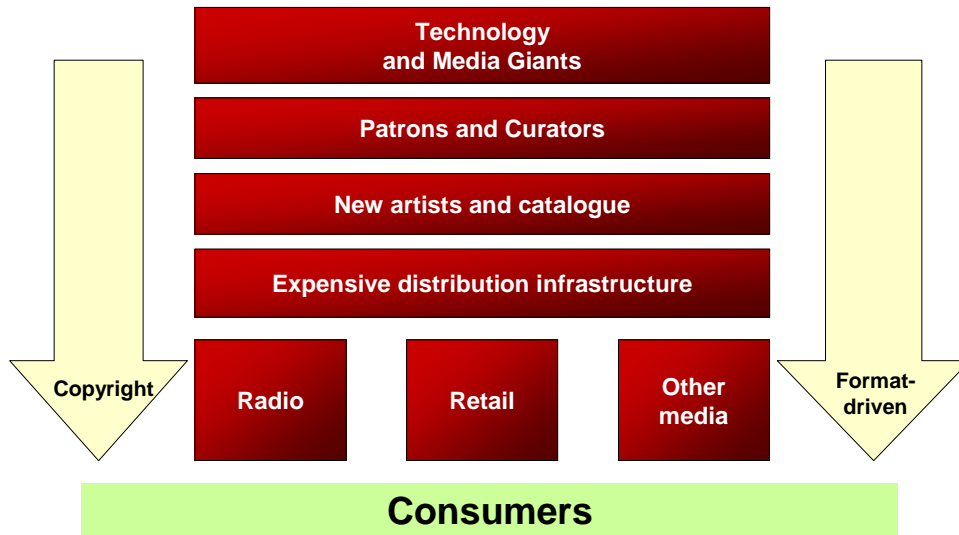


Figure 14: Wiki World

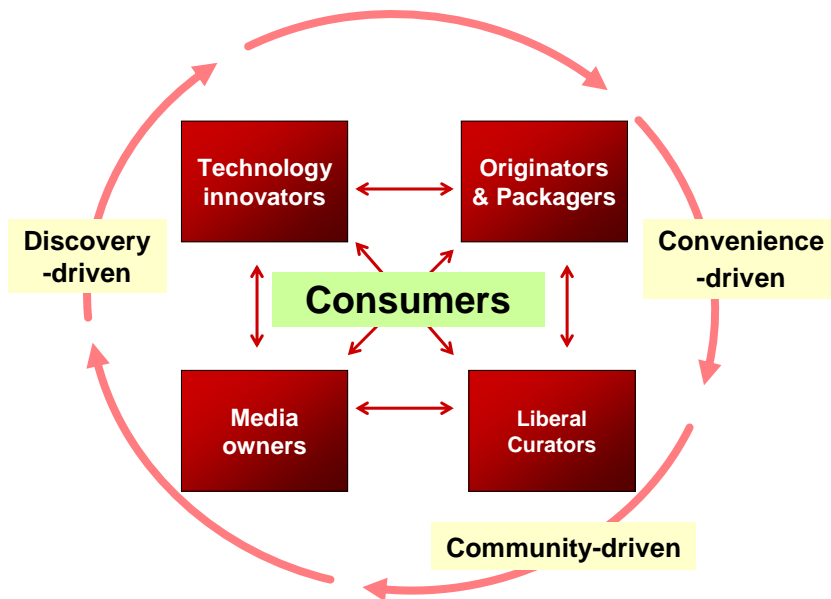


Figure 13 represents a simplified picture of Tin Pan world. There is a loose sense of uni-directional flow, with consumers being relatively passive recipients of the end product. Electronic and media companies (RCA, CBS, Sony, Philips, Warner, Bertelsman, EMI, Matsushita) had a strategic interest in content companies, which to a large extent determine the content to be promoted to the consumer via relatively narrow channels. The patrons and curators operate with some degree of exclusivity in both origination and promotion, exerting a high degree of influence over the media and distribution channels. They are protected by copyright, format-driven⁴⁵ technologies, and efficient international distribution infrastructures which are prohibitively expensive for new entrants.

The product-conception and marketing is predominantly high-quality physical art(efact), based on hi-fidelity sound and creative package design. There are symbiotic (though not undisputed) relationships between sales of recorded music and sales of playback equipment, and between radio promotion and advertising revenues. In the context of the recorded music business for most of its history until 1999, this simplified diagram would (I believe) be non-contentious. More contentious, and therefore more interesting to a discourse analyst, is the construction of the Tin Pan product-conception as being unnecessarily costly, and providing only limited opportunities for convenient listening, consumer-initiated discovery and sharing. Such comments are retrospective constructs from a post-mp3 perspective, as it is difficult to imagine these criticisms being levelled at record companies at any stage of earlier product developments (remember the nostalgic comments of the composer-producer describing the discovery and sharing of music through listening and exchange of LPs in the houses of his friends). Nevertheless, these comments go hand in-hand with descriptions of record companies as bloated and complacent, and of record executives as dinosaurs not wanting to give consumers what they want. We saw from the reflective comments of the record industry participants that they would not necessarily fight to defend themselves from these criticisms, such has been the longevity of discursive attrition and the absence of robust strategies to withstand them.

⁴⁵ The technologies have not been purely format-driven since the launch of the cassette tape which introduced some format-hardware options. I use the term relative to the lack of constraints in the post-mp3 world.

The post-mp3 world is part of Wiki world (figure 14). Wiki world is drawn as a circle, not because it is in harmonious equilibrium, but because the interrelationships are more fluid and multi-directional than in Tin Pan world, and power is less secure. With regard to the origination and dissemination of music, the relationships are less exclusive and, in most cases, less power-dependent. Consumer insight and enabling technology are the guiding principles, with discovery, convenience, flexibility, sharing and community being the new drivers of value. Music can be originated from anywhere. The artists, now on a level-playing field, can find distribution through a variety of channels, both corporate and direct. The corporate channels have expanded and artists can now contract with companies such as concert promoters, coffee shop chains, drinks manufacturers (soft and alcoholic) and general retail giants. To be more empowered the artist can set up their own web-sites, directly or via social networking sites, and can utilize a whole range of independent niche services to help fund and promote their recordings, concerts and image-based products. From the Tin Pan world to the Wiki world, the role of the curator changes, as we saw in the distinction between the liberal-curator's tale and the other curators' tales. The processes of selection and recommendation of music are taken away from an elite group of cultural intermediaries, to be replaced by the wisdom of crowds, which is tapped by technology to provide a more efficient community-based filter tailored to a more eclectic and empowered consumer. In the Tin Pan world, the artist and consumer sit at opposite ends of a linear value chain controlled by the record companies: the artist hoping to get the attention of the A&R scout; the consumer acquiescently responding to relatively narrow channels of promotion and retail opportunity. Wiki world is less linear. It is influenced, rather than controlled, by more stakeholders; consumers sit somewhere within a value network rather than a chain. They interact with the network, influencing both the origination and promotion of content, and the innovation process of new technology, much more than their Tin Pan predecessors.

These two constructed views of the music world can be traced back to the participant texts. They are not the only two, nor are they mutually exclusive. I have named them and

diagrammatized them because it helps to draw attention to where value has shifted and where it might still be extracted.

Dimensions of discovery and selection

Shifting the value perspective from an organizational one to a consumer one, I created two more diagrams to reflect the dimensions in which music is alternatively discovered and enjoyed, and the extent to which traditional and new models might exploit value. I have plotted values on four axes (figures 15 and 16). I developed these two diagrams as a way of looking at music consumption because I found that much discourse on the topic of ‘what music consumers want’ has an unhelpful tendency to generalize and simplify in ways which do not reflect the diversity of consumer habits. All eight polarities in these four axes can be traced back to the participant texts, and the words ‘traditional’ and ‘opportunity’ bear some relation to Tin Pan world and Wiki world respectively.

Figure 15 illustrates the dimensions in which people select what to listen to. The vertical axis indicates the content itself. At one end lies selection driven by the desire to listen to a specific artist or song, stimulated either by being a fan or because the song is ‘hot’. This could be described as a convergent approach. At the other end of this scale, the selection criteria is more generic or functional; the desire is for something to suit the context or mood (e.g. upbeat, chilled, or in the case of one participant, music relating to Liverpool). This could be described as a divergent approach, which is the experience successfully exploited by companies such as Amazon or LastFM, where consumers embark on a journey of exploration in the hope of discovering something new. The horizontal axis is the degree of individual determination, time or energy in selecting what one listens to. Sometimes people want to have complete control over the selection process, and at other times they are happy for others to make the selection. At the active end would be the individual consumer putting on a CD or creating his own play-list. Radio would be plotted from the middle to the passive side, depending upon whether or not it was genre-specific.

Figure 15: Dimensions of discovery & selection

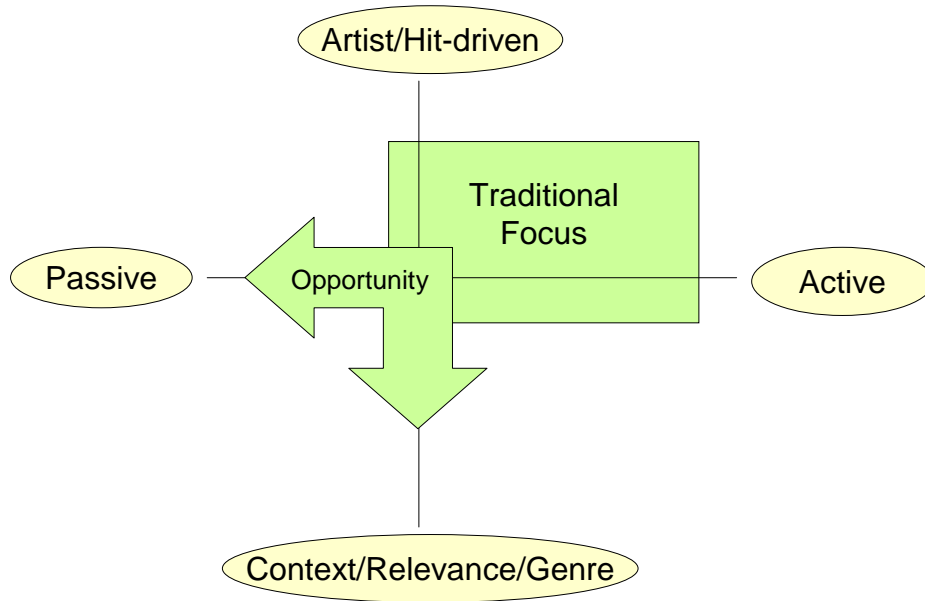
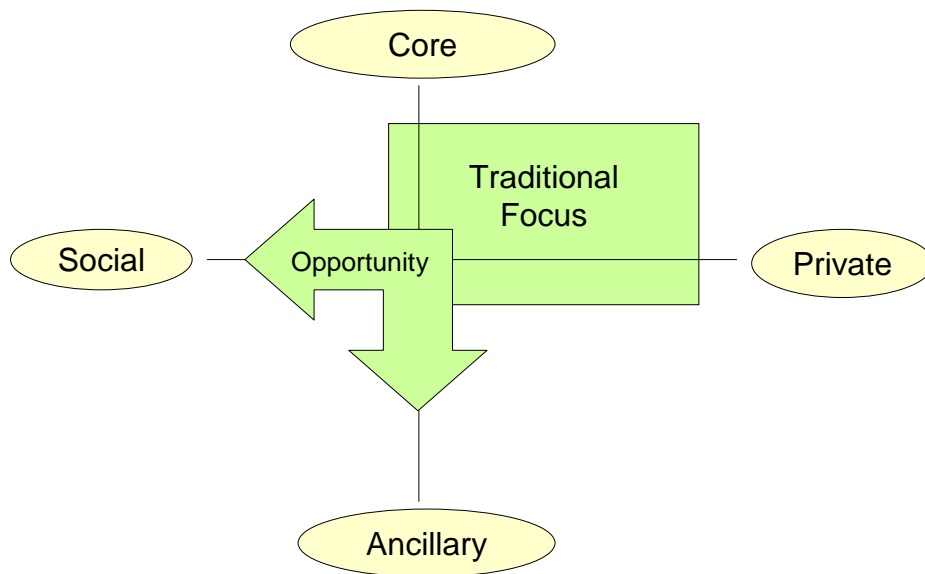


Figure 16: Dimensions of music enjoyment



Tin Pan world has been heavily weighted in the top right quadrant, namely, generating and satisfying demand from active music consumers who follow individual artists or groups. The other quadrants have been served by radio and the compilations market, but these are secondary concerns of record companies, whose culture (as evidenced through discourse) is dominated by artist development and chart success (a hit-driven culture). Wiki world sits in a rather more balanced way on these axes. Whilst there is inevitably some overlap, the new media companies tend to have a broader interest in the way that consumers derive value from music. They are less interested in deciding what people should listen to and pushing it to them, than in providing services which make music more accessible and tailored to their individual profile. They recognize the value of instant and universal accessibility. As Katz (2004) points out, this is not just ‘a matter of instant versus delayed gratification’ because ‘music delayed is often music denied’ (p. 166). Examples from the research conversation of commercial efforts to exploit these other quadrants would include the LastFM model, the elusive search for a subscription model, and the interest of mobile phone companies in finding the right music offering which will give them the competitive edge.

Dimensions of music enjoyment

Here (figure 16) the vertical scale is experiential. At the ‘core’ end, listening to the music as an undistracted aural experience is the primary desire. At the ‘ancillary’ end of the scale, music is part of a wider proposition, where the pleasure might be derived from brand association, e.g. ‘identifying’ with the artists through fan-clubs, or a projection of fashion and lifestyle, such as wearing the merchandise or having the ringtone/ring-back tune on a mobile phone⁴⁶. Similarly, the horizontal scale distinguishes between the private experience of listening alone versus the social aspects of sharing music with others, such as through a social networking site, or going to a concert. These dimensions

⁴⁶ The ring-tune is still a source of mystery to some, i.e. that people will readily pay 3 times more for a 30 second clip than for the whole track. There may be no better example of difficulties regarding product conception shifts.

are not mutually exclusive, so for example, a concert experience can fall into all four quadrants.

Once again, the Tin Pan focus has been in the upper right-hand quadrant, which is where most of the consumer value was perceived to be under the traditional product conception. Though traditional for the industry, solitary listening is far from being a timeless human practice, but is a rather recent invention which contradicted centuries of tradition. A wonderfully illustrative article in a 1923 edition of *Gramophone* magazine describes the experience of shock which is caused by encountering solitary listening in the home:

You would look twice to see whether some other person were not hidden in some corner of the room, and if you found no such one would painfully blush, as if you had discovered your friend sniffing cocaine, emptying a bottle of whisky, or plaiting straws in his hair...I fear that if I were discovered listening to the Fifth Symphony without a chaperon to guarantee my sanity, my friends would fall away with grievous shaking of the head.

Williams (1923) cited in Katz (2004) p. 17

One can view new media and technology as stimulating a shift in the cultural role of music back towards its social origins, and this is a shift to which the record companies are ill-equipped to respond. Most of the foci of new opportunities are in the three other quadrants, and, referring back to figure 4 in the introductory section on the value-chain, these quadrants have historically been exploited mostly by ‘parasite’ industries such as concert promotion, merchandising, music journalism and fan clubs. The new opportunities in these three quadrants will, I would suggest, be more likely exploited by Wiki world inhabitants and tellers of the tales which draw from the narrative repertoire of liberal-curators, entrepreneurial inventors and disseminators.

Consumer research in music is so difficult because individual music consumption patterns are so complex and variable. Demographic analysis does not go very far in categorizing target markets. One consumer might be plotted in all of these quadrants, depending on the circumstance, and he or she might even be in them simultaneously. Figures 15 and 16 are simple constructs designed to illuminate the discussion, and to

illustrate my observation that, when people talk strategically about what consumers want, they are often referring to only one of these many permutations of consumer preference and associated commercial value. Also, they may be talking at cross-purposes with unstated assumptions which are often based on their own personal preferences as music consumers, and there are several examples of this in the research conversations.

Figures 13 to 16 try to make the economic possibilities and competing cultural priorities of music more visible. Tin Pan world is an economic system of cultural intermediation which derives premium value through scarcity and through constructions of exclusivity which largely happen in the top-right hand quadrants. Wiki world is pluralistically constructed on the principles of unrestricted access to, and generation of, cultural capital. It opens up the potential of the other three quadrants. Participants, even those with the longest experience in, or greatest strategic attachment to, Tin Pan world, acknowledge that Wiki world cannot be ignored. But building robust economic models in Wiki world is not easy.

Solutions and obstacles

Tin Pan world and Wiki world are illustrative constructs which are neither ontologically robust nor mutually exclusive. To take the biggest success story of the post-mp3 era, one finds that Apple crosses both worlds. In being a business model which leverages content to sell hardware, it echoes the early decades of Tin Pan world, as does the fact that iTunes is format-driven, restricting the consumer in a number of ways. From a Wiki perspective, the iPod has had a social impact on a scale not seen since Sony launched the Walkman in 1979⁴⁷, and offers value in all four of the quadrants in figures 15 and 16. The immediacy and ease with which one can find and acquire individual songs, manage one's music collection, create playlists and burn CDs, are empowering for the consumer, as is the un-marketed, but widely used, ability to populate the iPod with songs acquired illegally and

⁴⁷ The Sony Walkman sold in excess of 350 million devices, double the number of iPods (as of 2009) meaning that music may still not be as portably consumed as it was in the 1980s and 1990s.

shared with friends and family. Even as a fashion and lifestyle accessory, the iPod leads the way.

Despite, or because of, this success, relations between Apple and the recording industry are complicated, and this relationship is just one example of how perceptions and identities rooted in Tin Pan world and Wiki world limit the possibilities for strategic action. Since the launch of iTunes there has been a growing, if grudging, acceptance that all products must be released in an unbundled way, meaning that consumers can cherry-pick songs, rather than being compelled to buy the whole album. However, as we have seen, the album is a product conception which is as much driven by cultural and artistic factors as it is by economic ones. A small number of artists still refuse to licence their music for digital sale (notably The Beatles, with cumulatively the biggest all-time sales of physical albums in the US), but the vast majority of artist album releases are now available on iTunes.

There are more recent signs from the US that the prevailing presumption that iTunes is an essential part of a revenue-maximizing marketing strategy may be flawed. Universal and Warner have both excluded releasing albums from well-known artists on iTunes, the most notable being the Eagles, who released their 2007 album exclusively through Walmart. Eagles' guitarist Glenn Frey commented that their catalogue revenue from iTunes 'amounted to 39 minutes on stage in Kansas City'.⁴⁸ In the same article, the manager of Kid Rock comments 'that if his client's album were sold the way iTunes wants, many of his 1.6 million U.S. album sales to date would instead have shown up as 99-cent downloads of *All Summer Long* [the album's hit single].' On an individual basis, the economic case for some, perhaps many, established artists may not support being released on iTunes (or any other unbundled service) as long as they can still generate sufficient demand for albums sales. However, viewed in aggregate, record companies may be shooting themselves in the foot. One of the most cited reasons for iTunes' popularity is the perception that (almost) everything is available, and available for single track download. iTunes has (almost) single-handedly created an authorized competitor to

⁴⁸ *Wall Street Journal* - August 28th, 2008

unauthorized file-sharing, and in the process has become the world's largest music retailer. If record companies continue to undermine the most popular element of iTunes, they may not only be damaging their biggest customer, but reducing the market size for digital downloads and giving consumers more reasons to use unauthorized services.

As with so many issues raised in this research, the view just expressed is highly contested. The album format is often alternatively constructed as (a) an obsolete and overpriced format which 'carries two good songs surrounded by filler material'⁴⁹, and more nostalgically by a participant as (b) a work of art which was 'played from beginning to end and it had its light and shade and the dynamics and everything else' (Composer/producer). As with the battle between Apple and the record companies over fixed versus variable pricing, this power struggle over bundling is not only based on a difference in strategic emphasis between micro and macro economics. It has cultural complications. It is perhaps easier for Steve Jobs to take the culturally less sensitive macro view, because he doesn't have to explain to artists why their musical creations should be unbundled and priced as commodities.

Questioning an oracle

If I could distil the areas of consensus amongst participants regarding the future, it would go along the following lines (my paraphrasing):

all stakeholders need to explicitly recognize that they cannot individually and exclusively limit, control and protect a value chain from origination to consumer; in the eyes of both consumers and artists, 'value' has become more dispersed and ephemeral; value contribution can no longer be taken for granted, or assumed to be a right, but has to be re-claimed and defended; no one stakeholder will retain the lion's share of value; there is no 'silver bullet', solutions will be fragmented and harder to achieve for companies

⁴⁹ *Wall Street Journal* - August 28th, 2008. Attributed to Aram Sinnreich, media professor at New York University.

accustomed to global economies of scale; more productive collaboration between all stakeholders is required if they are to avoid fighting over an ever smaller pie..

These remarks are all abstract, which is indicative of a lack of precision in commitment to a particular solution and of a landscape which remains open to new ideas and stakeholders. Towards the end of the conversations, I invited participants to ask two questions of an oracle, regarding the future of music. There were a few specific and isolated questions relating to timing, such as the demise of the CD format and of DRM, and the rise of the Indian and Chinese mobile phone markets. The majority of overlapping questions were more generic. They fell into two categories. The first related to general questions of consumer value: Will young people grow up to pay for music? What will people value? What motivates consumers? What is the main way people will enjoy and pay for music? The other category related specifically to the subscriptions model, some asking *when* a solution will be found, and others *if* one would be found. The subscription model (e.g. Rhapsody, launched in 2001) predates iTunes and the iPod, so it is interesting and relevant that, of the specific questions to the oracle, those relating to a seven year-old model were the most common. This would indicate that, in spite of its lacklustre achievements to date, there is still a strong belief in this product conception.

Before exploring the subscription theme again, it is helpful to look back to the value shift section and recall the 4 new value opportunities for music:

1. live music (including the 360 degree model)
2. the subscription model (including flat-fee licensing)
3. the advertising-funded model
4. integrated mobile phone services

These four solutions could be divided into two categories: artist-focused solutions (opportunity 1) and technology-focused solutions (opportunities 2 – 4).

Artist-focused solutions

Opportunity 1 covers the strategy of maximizing the brand value of the artist through existing business models such as concert promotion, merchandising, licensing, corporate sponsorship and advertising. It is dependent neither upon new technology nor new business models. Rather, it is a bid for existing business models which puts record companies in competition with concert promoters and artist managers. Some felt that the industry should have been exploiting these opportunities all along, had it not become so distracted by the success of the CD. In terms of the dimensions of music enjoyment (figure 16), it is illustrative of the record companies targeting the ancillary and social dimensions. It is interesting that, even though there was disagreement about the 360 degree model, no participant sought to ask the oracle a question about this area of new value opportunity. It suggests that the aggressive competitive bidding for artist revenue streams by Live Nation, for example, or through Universal's acquisition of Sanctuary, is something about which participants are not uncertain, even where they take different views about whether record companies should be doing it.

The research suggests that obstacles to achieving this solution lie in competing perceptions of moral right to the revenues. On the one hand is a view that record companies are the ones who bear most of the promotional investment which generates these other revenues, and therefore it is only fair that they should get a return. I'll call this the 'parasite' (e.g. figure 4). On the other hand is the principle that companies should only be able to obtain a meaningful share of revenues they have not previously enjoyed, if they can provide new services relating to the generation of those revenues. This argument claims that the parasite view is a flawed construction because the companies operating within it have already structured the cost of their businesses based on revenue divisions which have been negotiated over many years. I'll call this the 'equilibrium' view. To date, the parasite view has not generated significant revenues for record companies, and the EVP/CFO of Universal believes it won't unless they acknowledge the equilibrium view and invest accordingly. The purchase of Sanctuary and the investment in its merchandising activities are indicative of a commitment to provide new services and growth areas for their artists, in return for those revenues. In theory, record

companies can also compete with concert promoters and with general artist management; in practice these businesses operate with different skills sets, priorities and cost structures which are difficult to put together. Nevertheless, the artist manager who participated in the research worked for Mama, which is a private equity owned group of companies combining the businesses of venue-ownership, artist management and other 360-type activities. Mama seems to be successful, though its record label activities are very small. Similarly, Live Nation seems confident about its acquisition of major recording artist contracts, but the dispute amongst Live Nation executives reported in June 2008 is about whether or not to wait and see whether these artist deals will really deliver the expected returns before acquiring any more.

Technology-focused solutions

The other 3 opportunities are technology-focused and, unless record companies can invent or acquire proprietary recording or distribution technologies like the ones they controlled in the past, they will be heavily dependent upon successful interaction with companies that can provide solutions, be they mobile phone operators, handset manufacturers, internet service providers, or specialist music service providers (to consumers or artists).

The advertising-funded model is a proven model for other media, but has so far failed to generate much commercial excitement in the area of digital music consumption. Though most of the major record companies have licensed free access to their music on a number of these sites (e.g. Imeem, LastFM, Pandora, Yahoo Music, Q-trax, Playlounder), the limitations placed on the usage have meant that the consumer experience has not mounted a serious challenge to the unauthorized file-sharing sites. Furthermore, the realization of advertising revenues has been a fraction of what was hoped for (as illustrated by one of the participants – 60 million streams generating only \$5,000). MySpace was due to launch an ad-funded model in the autumn of 2008, though in August 2008 it was reported that they were having great difficulties finding a CEO for this business, such was the nervousness in the market about the ad-funded model. The decline

in the advertising market generally may be cited as a problem, but this isn't consistent with the reported continuing growth in the internet advertising market. An alternative interpretation is that whilst the record companies are licensing their music to these free-to-consumer ad-funded models, they are holding back from allowing the services to offer unrestricted usage because they are fearful that once they have gone down that route, it may jeopardize their chances of establishing more lucrative models such as subscription. They are thus happy to target consumers who would not otherwise spend money on music, but do not want to set a precedent which will stand in the way of targeting those who will pay, once a more compelling model comes along.

The other technology-focused solutions (subscriptions, flat-fee licensing, and integrated mobile solutions) are loosely connected, as mobile solutions seem unlikely to go down the route of pay-per-play (as one participant put it), and are therefore likely to be a monthly or yearly package, consistent with 'the handset-tariff view of the world'. As explained earlier, all of these subscription models are based on a utility view of the world where mass adoption means that, in aggregate, people will pay more than they do on an acquisition basis. In effect, a large number of less active users subsidize a minority of highly active users. Internet based subscription models such as Rhapsody (launched in 2001) and Napster are struggling. This is attributed to the fact that attempts to incorporate portable options have been experientially unappealing. Mobile operators, with their sophisticated and closed networks, are better placed to meet this demand, but, as illustrated earlier in this thesis, have failed to collaborate effectively with the music industry to produce a compelling new product conception. Mobile operators were introduced to the commercial potential of music via the ringtone phenomenon. Most of the early revenues from ringtones bypassed record companies because they didn't use actual recordings (realtones or ringtunes). As phones became more sophisticated, ringtunes became more popular, and the combined annual market grew to over \$3bn. This revenue is declining now, though it is being replaced with ring-back tunes which is the music selected to have playing for callers whilst they are waiting for a call to be answered. This market is expected to grow to \$4bn by 2012⁵⁰. In addition to ring-tunes

⁵⁰ EMI market research

and ring-back tunes, most mobile network providers have some kind of full-track music and music video offering, but no one model has been found to be sufficiently compelling to attract paying users in large numbers.

Amongst the handset manufacturers, Nokia's 'Comes with Music' (launched in the autumn of 2008) is mentioned by several participants as offering more potential. When I interviewed both Nokia and Universal (the first record company to sign up to it), neither participant could disclose exact details of the consumer offering, which were still being negotiated, other than to say that the commercial value was dependent upon users replacing their handsets on a regular basis. When originally announced (November 2007) it was due to launch in the summer of 2008, but was pushed back to the autumn of 2008. Internet blogs in August 2008 indicate a number of drawbacks for consumers such as:

- Handsets with the service cost more.
- The tracks still use DRM, so will only play on a PC or Nokia mobile.
- You cannot copy the tracks to CD without paying an additional fee per track.

As we saw above with ad-funded models, this suggests that record companies are still reluctant to 'go all the way' and give consumers unrestricted enjoyment of digital music, which is further indication of collaborative failure to commit to a new product conception.

Despite the majority of participants supporting the view that subscriptions hold the answer to the industry's future, there seems to be a long way to go before there is a sufficiently compelling product to generate the kind of mass adoption seen, for example, with satellite and cable television in the UK. As we saw earlier, some feel that Steve Jobs holds the key to the subscription model, but Jobs is still adamant in his belief that the consumers don't want it. I see a circular argument here: the customers don't seem interested because there has been no compelling solution, and such a solution will never occur if those well-placed to provide them don't believe the customers are interested. Alternatively, it could be that Apple has too much to lose as the dominant manufacturer

of music playback devices and the world's largest music retailer. Sales of more than 150 million iPods, and 6 billion songs through iTunes⁵¹, mean that no one has made more money out of music in the last five years than Apple. Opportunities to seize such exceptional market shares are rare, and it would be a very high risk for Apple to count on being equally dominant in a subscription-based world.

The iPhone may be the trigger that prompts Jobs to reconsider. It is rumoured that Apple is looking to launch a consumer offering similar to the Nokia 'Comes with Music'.

Jobs just needs a hook to keep iTunes -- and the iPod/iPhone ecosystem -- on top. Selling music players with 'all music included forever' would give Apple an edge that no competitor could match.

Jordan Golson, August 21st. 2008 (www.thestandard.com)

As can be seen from the Nokia experience, it is unlikely that even Apple will be granted the sort of unrestricted consumption that the phrase 'all music included forever' implies. It seems therefore that, for the foreseeable future, a mixture of tentative experimentation and negotiation over usage rights and price will dictate the pace of subscription model development.

As for flat-fee licensing, we saw earlier that the UK government is encouraging the exploration of the concept, through its brokering of the memorandum of understanding between ISPs and music companies mentioned earlier. Two articles dated July 29th 2008 provide just a small illustration of the difficulties faced by these proposals

It's historically inevitable: whenever technology makes it impossible to police a class of copyright use, we've solved the problem by creating blanket licences. Ten years ago, the record industry had a simple little problem they could have solved by showing a tiny amount of future-looking flexibility. A decade of intransigence and stubbornness has bred a killer strain of antibiotic-resistant filesharing technology that grows more and more difficult to police by the year. The sheet music publishers didn't get to control the destiny of the record companies, who couldn't control the broadcasters, who couldn't control the cable operators, who couldn't control the VCR makers. The record industry will not be in

⁵¹ As announced by Apple, January 2009 (www.apple.com)

charge of the characteristics of filesharing systems. They may get remunerated for their use, but they won't be able to dictate their functionality, no matter how many children they criminalize. If they want to cash in on filesharing, they'd better do it soon, before every potential licence fee payer decides to opt out of the system forever.

The Guardian July 29th, 2008

‘Should the music industry tax you to use the Web?’ asked CNET. ‘Leave it to our friends across the pond to come up with a creative, tax-heavy way of punishing music downloaders,’ wrote Brian Heater at PC Magazine, who continued - ‘Culture Secretary Andy Burnham is proposing yearly fees of £20 to £30, which would be imposed by ISPs.’

The Register July 29th, 2008

These articles illustrate how the dilemmas identified earlier are being debated in the public domain and indicate a ‘damned if you do and damned if you don’t’ situation for policy makers. Whilst the first article draws simply but convincingly on historical precedent to encourage the industry to see some yielding of control as an inevitable and acceptable trade-off for opening up a new revenue stream, the second article goes on to explore whether Andy Burnham’s alleged proposals have any support. He finds that, whilst the superficial ideas expressed as a ‘pool of money’ and a ‘charge to access music’ have gained some support, the actual *compulsory* imposition of a standard charge, with no opportunity for record companies and publishers to negotiate variable pricing, has ‘scant to non-existent’ support. As far as the public are concerned, the terms ‘an ISP tax’, ‘extortion scheme’ and ‘piracy surcharge’ firmly place this initiative within a Wiki world discourse, suggesting that, in the UK⁵² and US at least, any cultural benefits of the proposal will be eclipsed by the perception of being against the interests of social justice. Even in the realm of commercial justice, the negotiations are being challenged by digital retailers as being anti-competitive and against the principle of ‘net neutrality’ in that they incentivize ISPs to create their own music service towards which they can then direct traffic to the detriment of independent digital retailers. Along with the privacy and liberty issues raised by the ‘three-strikes’ rule for persistent file-sharers, any solutions to be brokered between ISPs and the music industry have a long way to go.

⁵² One participant felt that these kinds of proposal had more chance in France because they have more ‘respect for all things cultural’.

6.2 A sharing mindset

What has happened with music is that it has become entirely voluntary to pay for music. Legally that may not be the case. Morally it also may not be right. But, practically it really is only voluntary to pay. [] It is effectively a giant tip jar.

(Griffin, 2008a)

Conscious that I should start to bring this section to some kind of conclusion, I refer to a blog by the ‘Senior Maverick at *Wired* magazine’, Kevin Kelly (2008). It addresses the question of how to create value in a world where free copies are super-abundant. The theory is not specific to the music industry but to all industries suffering from copyright devaluation. He identifies eight things that are:

...better than free, eight uncopyable values. I call them ‘generatives.’ A *generative* value is a quality or attribute that must be generated, grown, cultivated, nurtured. A generative thing can not be copied, cloned, faked, replicated, counterfeited, or reproduced.

The ‘better than free’ theory is compelling and resonates with many of the issues raised by participants relating to a shift in value towards the three relatively unexploited quadrants of figures 15 and 16. I list Kelly’s eight generatives as follows (with just some examples from the participant conversations in parentheses):

1. Immediacy (mobile phones)
2. Personalization (mobile ringtones, iTunes playlists, MySpace profiles),
3. Interpretation (filters, gatekeepers, and curator commerce),
4. Authenticity (live music; reliably labeled and uncorrupted digital files),
5. Accessibility (Amazon, iTunes, LastFM)
6. Findability (Amazon, iTunes, LastFM),
7. Embodiment (live music),
8. Patronage (the Radiohead experiment).

Kelly states that:

These eight qualities require a new skill set. Success in the free-copy world is not derived from the skills of distribution since the Great Copy Machine in the Sky takes care of that. Nor are legal skills surrounding Intellectual Property and Copyright very useful anymore. Nor are the skills of hoarding and scarcity. Rather, these new eight generatives demand an understanding of how abundance breeds a sharing mindset, how generosity is a business model, how vital it has become to cultivate and nurture qualities that can't be replicated with a click of the mouse. **Kevin Kelly (2008)**

Many people share the view expressed by one participant that *the world of paying for straight content is over*. What is taking its place is a less exclusively controlled, more fragmented and dynamic blend of products and services which, Kelly would argue, require a 'sharing mindset' to break down obstacles to collaboration and negotiation. The iTunes debate on bundling and the sticking points in the Universal-Nokia negotiations regarding format and usage restrictions are clear examples that the sharing mindset is still a work-in-progress. The combination of short-term economic pressure, risk, and uncertainty make this difficult enough to achieve. The less well-understood challenges of cognition, identity and ideology, explored in this research as narrative conflicts between Tin Pan world and Wiki world, limit even further the pace and scope for exploration of strategic options

The research conversations contain many instances of wishes for collaboration involving music rights holders: especially with radio, mobile phone companies, internet and social network service providers. Despite this collective recognition for collaboration, many social and environmental obstacles stand in the way. There are examples of mutual antipathy: amongst record companies, between record companies and publishers, between record companies and artists, between record companies and technologists, between record companies and mobile phone network operators, and between record companies and Apple, the world's biggest music retailer. In addition to these tensions, the record companies face structural obstacles. Artist and publishing rights, some of them statutorily controlled, get in the way of management ability to drive change. As indicated by the former President and CEO of EMI, anti-trust law sensitivities make arm's length business collaboration (which is legal) vulnerable to being interpreted as collusion (which is not). Combined with the shifts in perceptions of economic value relating to music, these challenges go beyond the well-understood capitalist tensions of competition and

commercial self-interest. They involve the cultural and custodial tensions we originally saw in figure 6 and later in the competing tales of Tin Pan world and Wiki world. These worldviews construct and reproduce identities and responsibilities which are not just based on economic self-interest. They are also based on social and cultural priorities. People who manage the music business are for the most part people who have specifically chosen to be in the music industry. Unlike other types of managers, who might be capable of moving from confectionary to clothing, music industry managers often see themselves as being more (or less) than generic industry-agnostic managers. Whether as patrons, curators or cultural disseminators, their identities both offer and deny courses of strategic action which often bring them into conflict with others who take a different view of cultural dissemination.

6.3 The outlook

Returning to an earlier analogy, with regard to pies, so much stakeholder resource is being directed towards slicing that the prospects for the baking of new or larger pies look bleak. My interpretation of all the data gathered and analysed in the process of this research led me to the conclusion that, at the time of writing, the most economically productive options for recorded music are based on two hopes:

1. That the ISPs will agree a publicly acceptable deal with the music rights owners, which, combined with continuing experiments and initiatives in digital music retailing, will take 'market-share' back from unauthorized file-sharing.
2. That the mobile phone industry will finally deliver on the 3G millennium promise of delivering an integrated consumer proposition which makes mobile devices a compelling medium for discovering, enjoying and sharing music.

Both of these scenarios have evolved very slowly over the past several years, which the research suggests has more to do with shortcomings in generative dialogue, collaboration

and effective negotiation, than it has to do with shortcomings in technology. In 2005 Kusek and Leonhard (2005) made a 10 year prediction of collaborative harmony which foresaw a Universal Mobile Device and an unrestricted licensing model. Progress in technology, even in the three years since they made their prediction, makes many of the technical specifications and design attributes of their device look achievable. By contrast, the progress of collaboration and consensus, in relation to what would be required for a single device with a single licensing model, has scarcely moved. Kusek and Leonhard's vision is what Jenkins (2006), only one year later, calls 'the black-box fallacy' (p.13) of convergence, whereby all devices will converge and media will be consumed via one integrated piece of hardware. He refers to the proliferation of competing technologies in consumer electronics devices and content delivery services as evidence of an opposite trajectory of divergence. He argues that it is the cultural protocols, rather than the technology, which are the most interesting part of the changes which are occurring as we move away from the dominance of 'top-down corporate media' towards 'bottom-up participatory culture' (p.243). This shift echoes the Tin Pan and Wiki world distinctions and reinforces a vision of a more fragmented and contested future.

Collaborative agility or rigid coercion?

Shifts in product conception, and in perceptions of the precise location of value, make for an environment which is viewed by Wiki world inhabitants as dynamic and liberating, and by Tin Pan world inhabitants as disruptive or unstable. In this research I have concluded mostly that the future economic progress for recorded music depends more upon being open-minded, flexible and adaptive, than on rigidly pursuing solutions which are based on historic rights and product conceptions. I place the strategic emphasis on the latter path because I have observed, or rather interpreted, that the rigid coercive approach has not served the industry well in the past eight years. However, my call for collaboration is tactical and temporal, and is not a hard theory of convergence or disruption. I don't equate Kelly's 'generosity as a business model' with philanthropy, merely with a belief that if you give people something they want, a sufficient number of them will pay for it. The most successful music-based business in the past five years has been Apple, and their approach has been rigid, even coercive. It may be that when the

strategic focus of record companies is as clearly branded as Apple's, then a more forceful and rigid approach can work. Apple's product conception was based on market imperfections, i.e. a new media- and technology-enabled opportunity for music consumers to have a much improved experience for discovering and enjoying music, but no compelling legal framework to do it. Having hooked a critical mass of consumers on a design and product conception which was considerably more attractive than the early devices, Steve Jobs stubbornly stuck to his belief that album unbundling and homogenous pricing were necessary for mass adoption of his product conception, even though this flew in the face of the embedded micro-economic model which had sustained the music industry for more than 30 years. His manipulation of the consumer experience has proven fruitful. Some question whether this can be sustained as competitors catch-up, particularly in the high-stakes market for mobile handsets:

I think people will hate it, and I wouldn't be surprised if the iPhone was a failure. From a technology point of view it's great, but there are a lot of people on its heels, you know, Nokia being one of them. And I strongly believe, and I think we've seen it in music, that closed systems are doomed. Now that has been the Apple philosophy forever. (Former CEO, EMI).

The description of Apple as having a 'closed-system philosophy' is contentious. Its music offering could be described by many users as mostly open in that both the iPod and iTunes accommodate mp3 format. My point is that Apple recognizes that technology is a double-edged sword. It stimulates both capability and expectation. When the latter exceeds the former (either through over-promising or under-delivering), consumer dissatisfaction can be a very damaging consequence. Wiki world is one of high expectations of technology enablement, and Apple's desire to control the consumer experience is based on a recognition that careful management of the capability-expectation balance drives consumer loyalty, even if it also makes Steve Jobs vulnerable to accusations of being stubborn or coercive. Such behaviour led some record companies to exclude iTunes from a policy of DRM-free licences, which were given to iTunes competitors.

Going forward, one important difference between Apple and the record companies relates to strategic clarity. One might also describe it as clarity of identity. Apple is a narrator of the entrepreneur-inventor's tale which generates an infectious confidence in its product conceptions, as evidenced by the missionary-like zeal of its followers. It is this clarity of purpose which, I would argue, allows it to be rigidly coercive. By contrast, the previously isomorphic recorded music industry with its multiple identities (patron, discerning and protective curator, disseminator, inventor) is splintering, struggling to maintain or prioritize the multiple institutional identities which held together its extended value chain of the past few decades. In the research conversations, the future of record companies was variously, and sometimes passionately, described in terms of the patron's, curators', disseminator's and inventor's tales. There was considerable disagreement and reluctance on the question of whether any of these identities should be sacrificed for the purposes of strategic clarity. It may be that market fragmentation, piracy, and competition for cultural intermediation will dictate that they can no longer afford to be rigid and coercive whilst effectively trying to maintain all of them.

Remember the CD?

Much has been said in this thesis about product conception, but, with one exception, the participants did not explicitly talk about the still dominant product conception of the CD, or any replacement to the physically distributed format, as being part of the future of the business. The one that did only wanted to know from the oracle when he would have to dismantle his global distribution operations:

I'd like to know when the physical CD dies. Because I've got a fuck of a lot of work to do before that moment happens. And I really hope the oracle says it's 5 to 10 years. (EVP/CFO Universal Music)

The word 'hope' indicates that, for this participant, 5 to 10 years is the optimistic view. Though it has been falling since 1999, the global market for physical distribution (predominantly CDs) in 2007 was still worth \$25 billion, or 85% of the total (which includes digital and licensing). Yet the industry has seemingly abandoned its faith in the

dominant product conception, which is also the basis for its organizational infrastructure. If the research conversations are indicative of where the strategic resources, both intellectual and financial, are being directed, i.e. away from where the vast majority of the industry's profits are still made, the CD may well be doomed. This reluctance to engage strategically with physical distribution was explained by one participant:

I think one of the dysfunctional things in... it's actually true of many creative industries, is that if you are Proctor and Gamble and Tesco, Proctor and Gamble would view Tesco as being a kind of a scary but critical and valued distribution channel, and a lot of the organizational resource and intellectual firepower would be directed to managing that relationship, trying to move the debate to a strategic level, having a sense that somewhere there, there has to be a partnership for mutual benefit to develop businesses. I think one of the... and this is going to sound like sour grapes but actually it genuinely isn't. I think one of the problems in the creative industries is that the bandwidth of capability of a lot of the senior executives is directed upstream towards the creators of the material, towards artists or in the case of books towards the authors, and they are less interested in, less knowledgeable about, less engaged with their distribution channels.
(Former CEO, HMV)

Tesco is used as an example here, because the UK supermarkets have disrupted the business and been accused of devaluing music and damaging the specialist retail music shops (such as HMV), severely undercutting them by treating CDs as a loss leader. The participant's point is that although, or perhaps because, the specialist retail relationships have for decades been so stable, physical distribution has not been on the strategic agenda for senior executives, whose priorities are more defined by being patrons and curators than disseminators. This brings us back to the question of identity and strategic clarity. It implies that record companies may be more amenable (or less reluctant) to abandoning the role of disseminator than any of their other identities. Therefore, as a product's conception is largely defined by its distribution, the CD may indeed be in terminal decline.

I now wish to return to a personal view I held prior to the commencement of the research. The dominant conception of the CD is a Tin Pan product conception. In theory, it could easily be conceived as a Wiki world product, as its open format empowers the consumer

to copy the music (including artwork and song-listing) very easily to their computers, and to enjoy and share unbundled tracks in unrestricted format on any digital device. Yet these attributes are not marketed. At EMI, I only became involved in strategic conversations in 2005, but I made small attempts to persuade colleagues of the benefits of a consumer marketing campaign directed at explicitly promoting ‘the CD as the gateway to digital’, at the same time as a public awareness campaign of copyright education and concepts of fair use. This would emphasize a ‘best of both worlds’ view, whilst maintaining the CD’s image as a relevant format in the digital age, thereby slowing down the obsolescence of the product format. Research was in circulation showing that the most active music consumers liked consuming physically and digitally and the two formats could be symbiotic (as had been the situation with previous formats). My comments fell on deaf ears. The consensus view was that active digital music consumers were taking advantage of this anyway, and that it was wrong in principle explicitly to promote something which was technically illegal, even though no-one had the appetite to enforce the law.⁵³ Furthermore, new media and technology discourse was setting the strategic agenda. This privileged views which were deemed to be visionary over those more concerned with the ‘here and now’. Similarly, growth conversations were more appealing than ones regarding the mitigation of decline. Therefore, to be focusing on declining CD distribution was perceived to be mundanely operational rather than strategic.

It may appear odd to begin to draw the thesis to a close on a rather subjective and ironic note, but I make the point to illustrate that strategy sometimes has a tendency to prioritize discussions of solutions which are self-evidently radical, out-of-the-box and ‘blue-sky’, at the expense of less overtly imaginative solutions. In the context of the outlook for the music business, I feel a reflexive obligation to share with the reader my personal concern that EMI dropped the CD, as a product which was capable of re-conception, from the strategic agenda rather too soon because they were exclusively concerned with finding a DRM solution which would work. Once it was decided that DRM might never work, it

⁵³ In the interview with the UK government minister for intellectual property, he describes the practice of format-shifting for personal use as *unenforceable, unsustainable, and nonsense*, stating that the government was committed to clarifying the law around it. US law has a fair use principle which clarifies the situation.

seemed to me as though all strategic interest in the CD disappeared, and, despite resorting to the CD as an open-format product, an institutional bias prevented the CD from being re-conceived as a Wiki world product. Irrespective of whether or not my 2005 proposition was well-founded, my view is that, at least in a five year time frame, the bottom-line prospects for recorded music will have been more determined by the rate of decline of the CD than by the growth of any of the new channels explored in the research.

6.4 Final word

On a more positive view of product re-conception, I will quote the Vice-President of Capitol Records from a piece written for *Variety* magazine in 1952. Lamenting the music industry's over-fixation on the youth market, he states that the adult music purchaser is harder to reach:

Whoever first develops a new and ready exposure medium for this sort of musical entertainment will certainly be performing a significant service to the record industry. He will be responsible for a business growth far greater than anything we have yet experienced...the industry will see a giant new market of unimagined proportions opening up...

Alan W Livingston, cited in Keightley (2004)

The difficulties experienced to date in the identification of products and services which can efficiently convert this 'giant new market' into cash make Livingston's comments as appropriate now as they were half a century ago. Keightley's (2004) article illustrates the under-recognized continuities in the music business and how an 'age-format nexus' led to extraordinary economic growth on the back of the LP format. Despite the impressive developments in delivery, storage and portability of music in the last 10 years, I believe there still remain 'giant' unexploited opportunities to use new media and technologies to promote more (and more efficient) consumption of music through new product conceptions. I would prefer to leave open the question of whether economic value will be dominated by so few companies as it has been in the past. If pressed for an answer, I would say no: the growing popularity of Wiki world discourse, whilst not overthrowing Tin Pan world, has weakened it to an extent where, short of government taking a

considerably more industry-protective view, corporations will find it difficult to dominate or justify such extensive sections of the processes of cultural production as they have previously.

7. Contribution, limitations and further research

7.1 Contribution of the research

The contribution of the research is considered under three headings: context, cultural industries and organizational strategy.

Contextual contribution

The research responds to my observations of the difficulties which the music industry, or rather the organizational actors within it, have experienced in being able to transcend their organizations' self-reproducing values, structures, and communications. Hendry and Seidl (2003) refer to similar concerns regarding how organizations can escape their routines and structures to generate the sort of high-level discourses which enable top managers to switch between the ritual confirmation of strategy and the reflexive questioning of it. They draw attention to the value of strategic episodes, and where these can suspend routine, or be decoupled from it, in order to provide an external monitoring of the organization. The conversations conducted in this research are a form of industry-level 'strategic episodes' which nurture reflexive questioning, both within the conversations themselves and in the subsequent analysis. Most of the participants requested to be informed of the outcome of the research and I believe the findings are of benefit not only to them and the organizations to which they belong, but also to a wider industry audience which I aim to access through publication.

The contextual contribution falls into two categories. The first category remains close to the self-conscious reasoning of the participant insights and arguments and, where contradictory, aims to synthesize them into a set of coherent conclusions which may benefit the music industry reader. It goes some way to answering the question frequently posed by the participants (and other acquaintances who have taken an interest in my research): 'so, what is the future of the music business?' The sections on *value shift* and *industry implications*

encapsulate most of the ‘answers’ in this regard and may help some readers better understand the complexities of strategizing in the music industry and the obstacles which continue to prevent a more mutually productive baking and slicing of pies.

I recall the pie metaphor here to introduce the second category of contextual contribution. It is very difficult to describe industries and organizations without using metaphors, tropes and other linguistic resources such as stories. Often these are, at best, only simplified approximations which try to generalize and categorize the more complex and fragmented phenomena which resist our attempts at making sense of the world. My framing of the custodial dilemma, usage of the seven tales and their location in Tin-Pan world and Wiki world, and my distinctions between the entrepreneur and the technologist in the inventor’s tale, are rhetorical devices designed to give interpretive shape to perceptions in a world of contradictions and tensions. They are my own subjective attempts to frame participant subjectivities into something which aims to be collectively less subjective and more mutually recognizable, and which will promote a greater understanding of the socially constructed nature of the value-defining struggles of music industry stakeholders.

Cultural industries

In the literature review I loosely located the research in the European tradition of critical political economy, and in this respect David Hesmondhalgh’s work has been of particular interest to me. In a recent publication (Hesmondhalgh, 2007), he shows how digitalization has helped to expose contradictions in the strategies of the recording industry, ‘an exposure which helps pave the way for forms of criticism and activism which recognize the central importance of copyright in contemporary culture’ (p.2). The analysis in this thesis of the custodial dilemma and elaboration of the discursively constructed courses of action available to strategic actors working within the industry are, I believe, consistent with the forms of critical analysis Hesmondhalgh anticipates.

Literature on cultural industries tends to be sociological and political-economical rather than organizational, and consequently there has been a lack of empirical attention to what happens in the cultural industry organizations themselves. Lawrence and Phillips (2002) and Lampel

et al. (2006) refer to a neglect of cultural production as a serious object of management research. In his study of the film industry, Andrew Currah (2007) refers to the absence of case studies that consider the cognitive aspects of firm strategy and how managers conceptualize external changes such as disruptive innovation. I believe my research goes some small way to filling these gaps.

More specifically, in their chapter *Untangling the Cultural Industries*, Lampel et al (2006 pp. 294-300) identify five polarities which define the field of action within which organizations in cultural industries operate: artistic values versus mass entertainment; product differentiation versus market innovation; demand analysis versus market construction; vertical integration versus flexible specialization; individual inspiration versus creative systems. They state that strategizing in cultural industries must acknowledge that these opposing forces are continually shifting, destabilizing any attempts to assert the dominance of a strategic paradigm. They conclude that balancing the polarities as they wax and wane over time should be the key concern of firms, and that it is important to understand how the contrary imperatives faced by organizations play against each other. My research shares Lampel et al's concerns with the instability of strategic paradigms in the cultural industries and responds to their view that there are 'considerable research opportunities on this issue' (p. 300) by illustrating in greater depth the socially negotiated and discursive dynamics of the contrary imperatives faced by organizations in the music industry.

If there is relatively little academic organizational and management research on the cultural industries, there is even less which focuses exclusively on the music industry. Much has been written on the industry in a journalistic format, exploiting popular interest in what are portrayed as the flawed but colourful strategies and characters of the music business (e.g. Barfe, 2004, Lebrecht, 2007), but there is relatively little academic management research on the recording industry in isolation. Though pre-dating the internet, Keith Negus' (1999) *Music Genres and Corporate Cultures* is a well-focused and thoroughly researched account of the strategic and tactical decision-making processes of record companies and their partially successful attempts to influence demand and to control the creative process. This thesis updates some of Negus' themes for the internet era. Where relevant, I have also

referred to more recent academic studies of the music industry (Huysens et al., 2001, Williamson and Cloonan, 2007, Keightley, 2004) but none make such an in-depth analysis of the sensemaking mechanisms of those working within the industry as I have in this thesis.

Organizational strategy and discourse

My contribution is to the exploration of the cognitive aspects of strategy-making; in particular the competing perceptions, constructions and communications of opportunities and threats to an industry's economic status quo. This contribution stems from my perception that important cognitive questions raised in the strategy field have struggled to develop convincing empirical research methods to capture the varying value structures and cognitions of strategic actors. The dominant logic of the music industry remained stable for decades but, as Prahalad and Bettis (1995) suggest, a state of equilibrium leads to a deterioration in an organization's cognitive abilities. The necessary 'unlearning' process only occurs when the equilibrium is upset.

Complexity theory, as described in an organizational change context by Pascale et al (2000), states that systems become more adaptive as they move far from equilibrium to the edge of chaos, evoking higher levels of mutation and experimentation, from which new solutions are born. This might more simply be condensed to the statement that organizational solutions are often triggered by a crisis, or even, 'necessity is the mother of invention'. Yet, despite widespread acceptance of these cognitive dynamics of change, organizational science can only contribute something if it can aid the unlearning process and mitigate damage by anticipating the need, critically re-evaluating the dominant paradigm, and managing the crisis before it edges on chaos. Strategy research continues to struggle to find empirical methods through which to understand or measure these cognitive dynamics. This research is based on the premise that critical analysis of strategic process can valuably be performed by industry managers like myself. Going further, I would propose that my insider conversation approach makes contextual contributions in progressing our understanding of cognitive resistance, in particular the discursive constraints and enablers which underpin power relations between multiple stakeholders in environments of disruption and transformational change. By

weakening the power of unnecessarily dominant constructs, organizations may not have to travel quite as far from equilibrium in order to unlearn and adapt. In this regard, I feel I have, in a small way, achieved the earlier stated aim of addressing Mintzberg's (1998) concern that the cognitive school of strategy is 'more characterized by its potential than its contribution' (p.172).

The research is also to some extent provoked by the fall from grace of strategy as a stand-alone management discipline, and represents a broader approach which crosses disciplines and boundaries in order to research contextually the complex and emergent characteristics of strategy and change. It offers a particular multiple stakeholder and inter-organizational view, rather than the more common intra-organizational focus of empirical studies. It coincides with many of the aims of the strategy-as-practice movement⁵⁴ (Johnson et al., 2007, Jarzabkowski et al., 2007) to:

(a) link outcomes of activities within firms to more macro institutional and broader social contexts and outcomes, (b) be more aware of the power residing in dominant and prevailing discourses of strategic action, and (c) develop new methodological approaches and integrative frameworks for the study of strategic action. (www.s-as-p.org),

The research also addresses some of the concerns of the International Center for Research on Organizational Discourse, Strategy and Change (ICRODSC)⁵⁵. This body links international researchers who share an interest in developing and applying discourse methods in the study of strategy and change in organizations. Much of the discourse and strategy literature contained in this thesis is central to ICRODSC concerns: explorations of metaphor in the symbolic management of meanings (Pettigrew, 1977, Marshak, 1993); corporate rhetoric and autopoiesis (Cheney et al., 2004); sensemaking (Weick, 2001); critical discourse analysis (Knights and Morgan, 1991, Hardy et al., 2000, Vaara et al., 2004, Mantere and Vaara,

⁵⁴ The strategy-as-practice movement was a central focus of a conference sponsored by the *Journal of Management Studies* and Society for the Advancement of Management Studies at St Anne's College, Oxford in October 2008, at which I presented the research findings and received an enthusiastic response.

⁵⁵ www.managementmarketing.unimelb.edu.au/icrodsc/issues.cfm. I also received an enthusiastic response to my presentation at the annual ICRODSC 2008 conference at Queen Mary University in July 2008.

2008); narrative and story-telling (Boje, 1991, Boje, 1995, Barry and Elmes, 1997, Downing, 1999, Gabriel, 2004).

My exploration of the research problem incorporates all of these elements. Although a broad and boundary-crossing approach can risk sacrificing some rigour for the benefit of contextual relevance, I believe it has been justified in this research. In a very recent article, Phillips et al (2008) identify three research approaches which share a concern with the relationship between language and the formulation of strategy, using widely cited exemplary articles to illustrate each of them: strategy as a system of shared meaning (Prahalad and Bettis, 1986); strategy as text and talk (Barry and Elmes, 1997); and strategy as truth (Knights and Morgan, 1991). I only became aware of this Phillips et al (2008) paper during the final editing of this thesis, but I draw attention to it here because it shares my view that there are complementarities between the three approaches, despite their epistemological differences, and that these complementarities can be exploited particularly effectively in research which links text, context and society.

To conclude this contribution section, I make a useful comparison between my approach and that of Vaara et al (2004). Both use critical discourse analysis to explore strategy in an industry context (in their case, airline alliances). Both are rare, rich, contextual, and empirical examples of the value of critical discourse analysis. At the same time, their paper can be differentiated from my research. They are ultimately interested in strategy-making itself, as a process, and aim to discover common theoretical phenomena which might transcend context. By contrast, my primary contribution is contextual. I illustrate how critical analysis of contextually focused inter-organizational discourse can contribute to a better understanding of identity-bound strategic challenges such as value-chain disintermediation, intellectual property, and the disruptive properties of new media and technology. I make no general theoretical claim beyond context, other than to propose that the methodology could yield value if applied to similar research problems where product conception and value are highly contested. Such limits to replication do not, I contend, limit the value of the research; they simply remind us that, in a socially-constructed world, meaning is fluid and negotiated, and that hard-won insights are sometimes too fragile to be embedded in theoretical generalities.

7.2 Limitations and further research

What I believe to be the contributions of this research are at the same time the causes of its limitations. I set out on the research journey with two objectives: firstly, to reflect in a critical way on my own experiences of major record companies, and secondly, to explore the ways in which other people made sense of what has been happening in the music business. These objectives dictated that the thematic scope of the content for analysis was broad, and that the analysis would be tailored primarily to what was of relevance to organizations facing similar challenges to those faced by the music industry. The contribution of the research is thus highly contextual, which I believe is appropriate for a DBA, but nevertheless limits the extent to which the findings can be applied or the research replicated in a wider organizational context.

Despite my best efforts to stand back critically from the conversations, my own editorial subjectivity inevitably influences the way in which the texts are coded and analysed. The inclusion of large amounts of text in the thesis is an attempt to mitigate this limitation, but the included text still only represents less than 15% of the participants' words. My own words in the conversations are not analysed. Whilst this may not be a common researcher concern, my role as a former insider in eliciting and guiding these conversations would be worthy of independent critique. Similarly, the section on industry implications is acknowledged to be influenced by the subjectivities and biases of my background in the industry.

These and other limitations are expanded below with reference to further research opportunities. I was conscious throughout the data analysis phase that there were many excellent analytical opportunities which could not practically be pursued. These can be considered under the headings of contextual opportunities, strategy theory, and discourse methodology and design

Contextual opportunities

Although I attempted to cover most of the themes initiated by participants, I could not possibly do justice to all of their subtleties and complexities:

By ignoring the consumer that was not containable because the consumer's always right. And that, you know, I think is a case study in itself. (Former CEO, EMI)

There are many issues raised in this research, each of which would warrant a study in itself. To name but a few:

- The evolution of digital rights management of music files
- The relationship between Apple and the record companies
- The debate over copyright term extension on sound recordings
- The music strategies of mobile phone companies
- The growth of live music and the changing role of the concert promoter
- Governmental intervention to prevent illegal file-sharing
- Convergence and divergence in the models for music consumption

In addition to the rich textual references from the participant conversations, the background data which I collected and read (but did not analyse) also provides a wealth of data which provides more historic and inter-textual depth to each of these topics, which would be worthy of exploration.

With regards to the scope of data I did analyse, the number of participants was determined initially by wanting to achieve what I perceived to be diversity in the economic interests of stakeholders as regards music. In retrospect, I found that there may be as much diversity between people from within one stakeholder category as there is between stakeholders with logically divergent goals. Whilst I could have extended the number of participant interviews, I considered that there were diminishing returns and that there were no fundamentally new or unexpected discursive themes or repertoires arising in the later conversations, though

obviously each additional conversation added nuance and colour. Extending the number of conversations would have therefore resulted in an even richer, but less manageable, set of data. Had I the time and opportunity to extend the research at this point, it would be valuable not to extend the number of participants, but to invite them to meet in a group to discuss my findings and to observe and analyse those discussions, in a kind of hermeneutic loop, or spiral of reflection.

Strategy theory

With regard to the field of strategy, I can see two areas where this research might, with further analysis, contribute to theory. The first is to build further on the historic study of Huygens et al. (2001). Their work is concerned with co-evolution in the music industry and with the relationship between firm capabilities and competition, attempting to reconcile the resource-based view of the firm (Barney, 1991) with the isomorphic phenomena of institutional theory (DiMaggio and Powell, 1983). As the old structures and hegemonic discourses of the industry continue to fragment, there is a good opportunity to revisit these perennial strategic theories. This also ties into the view of Lampel et al (2006) that research progress on the management concerns of the cultural industries is 'likely to occur at the intersection of institutional theory and strategy' (p.300).

The second area relates to the topic of strategic collaborations. In the section on the strategic implications for the industry, coercion and collaboration are considered as alternative tactics in the face of change, with the tentative conclusion that opportunities for collaboration between stakeholders (record companies, radio, mobile phone companies, social networking sites) have been frequently agreed to be desirable, yet have failed to materialize due to cognitive and/or discursive obstacles. Hardy et al. (2005) develop seven interesting, but empirically unsupported, hypotheses regarding identity and inter-organizational collaboration. They call for empirical researchers to focus on the discursive resources (generalized and particularized membership ties, collective identity, common and private constructions of key issues, and cooperative and assertive styles of talk) that are available to organizational actors and, especially, the tensions among them. Whether through private or

public sources, the ongoing dialogue between record companies and other stakeholders, such as mobile phone companies, would be a valuable extension to this research.

Discourse methodology and design

In the section on methodology, I outlined the process by which my particular approach evolved. On Alvesson and Kärreman's (2000) configuration of the dimensions of discourse (figure 2) I anticipated that I would be ranging freely between the micro and the macro perspective, and between the tight and loose coupling between language and meaning. Whilst I have maintained a certain amount of methodological flexibility, the analytic emphasis has been towards the macro and tightly coupled quadrant, which is characterized by Foucauldian and critical forms of discourse analysis. Although I have been consistent with the principles of these two relatively non-prescriptive methods, my attention to linguistic detail could have been much greater had I chosen to narrow my thematic focus. The richness of the data in these conversations presents further opportunities for more detailed, micro-level and inter-textual analysis, which would provide an excellent source of empirical material for further study and contribution to the field of organizational discourse. For example, a more rigorous genealogical analysis of music industry discourse, with more inter-textual reference to contextual data, would extend the insights into the historic shifts in strategy and power relations amongst stakeholders.

Moving into the other quadrants of discourse analysis, the use of conversation analysis on these texts would illuminate the dynamics of interaction between researcher and participant in the negotiation of meaning. For example, I felt that there were two types of rhetorical position taken by participants. The first, which I could describe as sensitive and self-conscious rhetoric, explicitly acknowledges that there is a finely balanced dilemma, paradox or conflict at play, and attempts to persuade that, in context, the speaker's view is more compelling. This was the more common 'voice', and is the one I adopt in the chapter *Industrial implications*. The second type is a more aggressive rhetoric, and aims to persuade by discrediting opposing arguments, or even denying the existence of a dilemma, paradox or conflict. The distinction is made cautiously, as the usage of sensitivity and dialectic is itself a

powerful rhetorical device, but nevertheless I feel there is a rich vein of research to be explored here.

I have been reluctant to use the term ‘narrative analysis’ to describe my methodological approach. This is because my usage of the seven tales to frame the findings was itself a rhetorical or sense-making device. It was a construction of mine, rather than being based on explicitly elaborated stories in the text. That said, there are many examples of anecdotes and narrative techniques used by participants which would be worthy of more formal and rigorous narrative analysis.

Finally, and for want of a better term, the research employs what I have called a ‘reverse critical ethnography’: the insider stepping out of, rather than the outsider stepping into, the observed world. This is not an easy thing to do, and I hope that my approach may give others ideas on how to approach the challenge. Putting aside potential complications of research agenda and politics, the structure of the DBA as a part-time doctorate for executives and practitioners uniquely allows this kind of critical research, which I believe is valuable and could be encouraged for future DBA research.

7.3 Final reflections on relevance

The product of the interpretive *bricoleur's* labor is a complex, quilt-like bricolage, a reflexive collage or montage – a set of fluid, interconnected images and representations. This interpretive structure is like a quilt, a performance text, a sequence of representations connecting the parts to the whole. (Denzin and Lincoln, 2005) Introduction p.7

Anyone looking to this thesis for a straightforward answer to the problems of the music industry may be disappointed, as will those looking for a replicable new theory of strategic management. Theory is not absent from this thesis and, as mentioned at the outset, I concur with Keenoy (2008) that sensemaking and theorizing are close to being synonymous in the social sciences. Through this personal sense-making journey I have pieced together ‘a set of fluid and interconnected images and representations’ in a manner which I hope is enlightening for those who share my concerns to understand better the challenges facing the music industry in its broadest sense. As a former industry insider, I have acknowledged researcher bias in this thesis and I would welcome other scholars critiquing it. Furthermore, in the quest to provide something holistically relevant to the industry, I have had to leave several avenues unexplored which would be valuable to organization studies and studies of the cultural industries, notably a more micro-discursive analysis of the participants’ words, including my own. For these reasons, I intend to make all of my primary and contextual data available (subject to participant consent) to other researchers who might find it valuable.

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Appendices

1. Summary of questionnaire responses
2. Interview consent form
3. Invitation to participate
4. Research outline

Appendix 1 - Summary of Questionnaire Responses

Least consensus to most consensus

Rank the following stakeholders as **future winners or losers**:

- in terms of **economic value** derived directly or indirectly from music or artists, and
- relative to their **position today**

(5 = clear winner; 4 = marginal winner)

(3 = neutral)

(2 = marginal loser; 1 = clear loser)

Non-established (incl. debut) recording artists	2	4	2	5	3	5	1	4	1	5	4	2	3	1	6	6
DRM solution providers	1	2	5	2	4	4	3	2	2	3	3	3	5	4	5	5
UK plc (note 1)	2	3	3	4	4	1	2	4	2	3	5	2	3	5	5	5
Free broadcast radio (incl. digital)	3	2	5	4	3	2	3	2	3	3	5	3	5	1	4	4
Marketing, promotion & distribution specialists	2	2	4	3	3	4	3	3	3	2	3	3	4	3	3	3
Online CD/DVD retailers (e.g. Amazon)	2	2	3	3	4	3	4	2	3	1	3	4	4	1	4	5
Legal & financial specialist services	2	3	3	4	2	4	4	3	3	3	4	2	2	4	5	4
A&R / talent development specialists	2	3	4	3	3	4	3	3	2	4	3	4	3	2	4	3
Quality home audio hi-fi manufacturers	1	4	2	4	3	3	4	3	2	3	3	3	3	5	4	3
Musical instrument manufacturers	2	2	3	4	3	3	2	4	4	3	3	3	4	3	4	3
Pirates (note 2)	3	2	4	4	3	4	3	2	2	2	3	2	5	1	4	6
TV programme producers	2	3	3	3	2	3	3	2	3	4	3	4	3	2	2	4
Music producers	3	3	2	4	3	4	2	3	2	4	4	4	4	2	6	4
Admin services (licensing, collection, royalties)	2	3	3	4	3	4	2	5	3	4	4	2	2	4	6	4
Consumers - value-for-money (live music)	3	2	3	5	2	2	4	2	2	4	3	2	4	1	4	7
Artist managers	2	2	3	4	3	5	3	2	3	3	4	4	4	5	6	3
Apple i-Tunes	2	3	4	4	3	3	4	3	3	1	4	2	5	5	6	3
Music video producers	2	2	2	3	1	2	4	2	2	4	4	3	4	1	4	8
Music teachers/schools	2	3	3	5	4	3	3	4	3	4	4	2	4	3	6	2
Composers	3	4	4	4	3	4	2	3	3	5	5	4	3	2	7	2
Mobile phone network operators	3	3	4	1	2	5	3	5	3	5	5	5	3	5	7	2
Internet service providers	4	2	5	2	4	5	3	5	2	4	4	3	4	5	9	3
Other track download retailers	2	3	4	2	4	3	4	4	2	4	4	4	4	5	9	3
Recording studios/services	3	2	2	4	3	3	2	2	2	2	2	3	1	1	1	8
TV networks	2	2	3	2	2	2	3	2	3	3	3	2	4	2	1	8
Paid music subscription services (incl. radio)	3	3	5	3	1	4	3	5	4	5	5	3	4	5	8	1
Music publishers	3	3	4	4	3	3	3	3	3	4	4	4	4	4	7	0
Composition & recording software developers	2	4	4	5	4	3	3	5	2	4	4	5	4	4	10	2
Merchandisers	4	4	4	5	3	3	4	4	3	3	3	3	4	5	8	0
Established recording artists	4	3	5	4	5	5	4	2	3	3	4	5	4	5	10	1
Video games producers	2	4	4	4	3	4	3	5	4	3	4	4	5	5	10	1
Concert promoters	5	4	4	4	3	5	3	5	4	3	4	3	3	5	9	0
Advertising and sponsorship services	4	4	3	5	3	5	3	5	3	4	4	3	4	5	9	0
Mobile phone handset manufacturers	3	4	4	3	5	5	3	4	3	3	5	5	4	5	9	0
Other CD/DVD retailers (e.g. supermarkets)	2	2	2	1	2	2	3	1	2	1	2	3	4	1	1	11
Social networking sites	4	2	5	3	4	5	3	4	3	4	5	4	5	5	10	0
CD/DVD retail specialists (e.g. HMV)	1	1	1	1	3	1	2	1	2	1	1	2	4	1	1	12
Portable electronics manufacturers (mp3/iPod)	4	4	4	4	4	5	4	5	4	2	5	3	4	5	12	1
Live music performers	5	4	4	5	3	4	4	5	4	3	5	5	4	3	11	0
Recommendation and discovery services	4	4	5	5	3	5	3	5	3	4	4	4	5	4	11	0
Consumers - value-for-money (recorded music)	3	5	5	5	5	5	4	5	3	5	5	4	4	5	12	0
Consumers - value-for-money (services/devices)	4	4	4	5	3	4	4	5	4	5	4	3	4	5	12	0

Notes:

- 1) will the UK economy gain or lose some of the value currently generated by music?
- 2) those involved in piracy for economic gain (**excludes** most file-sharing activity)



Interview Consent Form

With your consent the interview will be recorded. Typed transcripts will be made in order to analyse and study the conversation. The recordings and the transcripts will be stored securely and coded for anonymity.

Please note that you can withdraw your consent during the interview at which time the interview will be terminated and the recording erased.

The product of the research is a doctoral thesis. To maintain confidentiality, in the write-up of the thesis (and in any subsequent publication) any of your comments which are cited will be attributed generically: e.g. by reference to your role and/or type of organisation, and not using your name. If you accept that your comments may be attributed to you personally, please tick the box below.

If you have any concerns regarding the research or my approach you may contact my research supervisor, Dr Scott Lichtenstein at Henley Management College on +44 (0)1491 571454

I agree to the taping of the interview and understand that it will be used for the purposes of doctoral research.

Additionally, by ticking this box I agree that I may be cited by name in the publication of findings arising from this research: (optional)

Participant:

Signature.....

Date.....

Researcher: Jonathan Wheeldon

Signature.....

Date.....

Appendix 3 – Invitation to participate



Dear,

As a doctoral research associate of Henley Management College (accredited by Brunel University), I'm conducting some innovative research into the future of the recorded music business. I have a background of 15 years in various international roles in the entertainment business, most recently being head of corporate development for EMI Group plc. I attach a short profile of myself for reference.

The research process includes interviewing influential individuals who have an interest in deriving value from music, directly or indirectly. The scope of participants includes those involved in music production, marketing and distribution, artist management, concert promotion, radio, retail, internet service providers, search and social networking sites, mobile phone companies, investors, regulators and policy makers.

I attach a brief one-page outline of the research. Participation would involve an hour of your time, including an informal face-to-face conversation with me and centred on your views on the economic future of music. The conversation would be recorded, transcribed, and subject to my detailed analysis. Any further participation would be optional. Confidentiality is assured, though you would have the option to be cited personally in the publication of findings if you prefer.

If you would like to participate, please reply by email with a phone number on which I can call you, or alternatively give me a call on +44 (0)7789 907 991.

With kind regards

Jonathan Wheeldon

jwheeldon1@aol.com

+44 (0)7789 907 991

Appendix 4 - Research Outline



The Economic Future of Music: A Linguistic Study of Strategy Dynamics

Music is being consumed in greater volumes than ever before, yet the global market for recorded music has lost a third of its value since the turn of the millennium. Survival for this industry may depend upon its success in adapting traditional practices to accommodate emerging phenomena which are attributed to innovations in media and technology, and which are shaping social behaviour and attitudes towards cultural products and production.

The research will look at the increasing number of stakeholders with an interest in the economic future of music including organisations operating in the so-called “convergence” field within media, technology and telecommunications. It will identify their strategic constructs, positions, practices, and identities, and will explore how shifts in position may be characterised; for example, as coherent and deliberate strategies, as continuously adaptive tactical responses, or as political manoeuvrings in the management of meaning. In particular it will examine how language can both enable and obstruct strategic change.

Methodologically the research responds to calls for more empirical studies to support the “linguistic turn” in organisational studies, and strategy research in particular. The primary source of data will be semi-structured interviews with influential individuals who have an interest in how music is produced, consumed, promoted, distributed, managed, rewarded, or regulated. Critical discourse analysis (CDA) will be performed on the data. CDA aims to expose and unlock the dominant cognitive models which, consciously and unconsciously, socially construct and reproduce power relations through language.

The research also responds to the shortage of management research in cultural industries. Insights into the fragmentation of institutional power and the discursive constraints and enablers of change will, it is expected, yield some benefit not only to the music industry in a period of disruption, but also to the management considerations of other cultural industries, especially those sustained by their intellectual property rights and facing the threats and opportunities of convergence in media and technology.