Dealing With Digitization: an Independent Artist's Perspective on the Modern Music Industry

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Abstract:

This essay explores how recent change in the music industry, specifically the shift toward digital streaming services like Spotify and Apple music, has affected opportunities available to independent artists. It analyzes business models and social drivers responsible for the success of such streaming services in contrast to those of large-scale record companies, and identifies certain consequences implicit for independent artists through these differences. The paper also examines strategies used by independent artists to gain success, and suggests certain models of operation for such a musician to efficiently navigate the new digital music industry.

Introduction

The Phonograph, invented in 1877 by Thomas Edison, ushered in a new era for music. For the first time in history, music could be preserved not just in a written transcription, but in an actual recording of a specific performance (Millard: 2005, 10). Edison, along with his contemporaries, believed that the new technology would democratize access to some of the greatest music ever made, a privilege previously limited to high-brow venues in select major cities. Writer and social reformer Edward Bellamy published in 1888 a utopian novel titled *Looking Backward: 2000-1887*, in which he outlined his vision of future, “so simple and logical,” free of the burdens of industrial America. In this utopia, the finest music was piped into private homes via telephone wires from specialized studios. Bellamy’s hypothesis on the development of recorded sound describes “an arrangement for providing everybody with music in their homes, perfect in quality, unlimited in quantity, suited to every mood, and beginning and ceasing at will” (Bellamy: 1888, 123). After progressing through one hundred and thirty years of evolution, the music industry of today offers a service quite similar to that envisioned by Bellamy: unlimited private streaming access to an unimaginably diverse and deep database of recorded music.

Since the turn of the millennium, recorded music as a physical, tangible, sellable product has become much less economically viable, giving way to streaming conglomerates like Spotify

and Apple music, who sell music as a service accessible through a paid subscription. In 2014 alone, streaming revenues increased by 39%, accounting for $1.57 Billion of the $6.85 Billion in global music sales revenue, while CD and download sales decreased by 8% (Morris: 2015, 109). Such rapid growth in the streaming sector indicates a strong affinity towards what is now the greatest value in music consumerism: the uninhibited ability to listen to specific songs and create specific playlists based on personal preference, all included under a small monthly fee. For instance, Spotify charges $10 per month for unlimited access to their music database, which according to their website contains over thirty million songs (Spotify: 2017). When comparing Spotify's value to the average cost of one downloaded song on iTunes in 2004 ($.99), or the average cost of one CD in 1996 ($11.99), it is apparent why so many music consumers are quickly shifting to streaming services (Hracs: 2012, 446).

While the benefits of streaming conglomerates are clearly favorable to the consumer, this essay is not specifically concerned with such trends. Rather, it is meant to explore how the introduction of digital streaming has affected the opportunities available to independent artists. Digital technologies have not only democratized access to priorly recorded music, but have also lowered barriers of entry into the music industry for artists, previously imposed by large record companies and radio stations, who had essentially controlled the entire industry from top to bottom for the majority of the twentieth century (Hracs: 2011, 2). This paper investigates how a lowered barrier of entry can provide new and profitable opportunities, and also how increased competition and demand for high-level production can impose new challenges for independent artists. It provides background information on the modus operandi of record labels and signed artists to illustrate contrast between that business model and that of the independents of the twen-

ty-first century. It will outline certain strategies used by successful independent artists to provide a potential template for future artists to follow as they navigate the new digital music industry. Ultimately, it will argue that the new opportunities available in a democratized industry will prove beneficial for both artists and consumers, and will increase the variety and authenticity of music being produced.

The Golden Age of Record Labels: Control and Consumption

To acknowledge the recent changes and to recognize contrast, one must first understand how the music industry had operated for the majority of the twentieth century and how that affected artists. Swedish scholar Patrik Wikström defines the music industry as a "copyright industry," where "non-material goods" are branded by an artist or company, and sold as a right to experience that good (Wikström: 2013, 20). When a consumer purchases a CD or a subscription to a streaming service, they are not receiving ownership of the music therein, but rather permission to experience that which as already been written and recorded. Copyright and its control are the pillars of what have made up the music industry, both before and after the shift to digital streaming. This section of the essay will illustrate how the oligopoly imposed by record labels on the industry for most of the twentieth century had stifled creativity and variety in music in the interest of controlling the music market.

Although copyright laws protecting ownership of intellectual property had previously been in effect, the United States Copyright Law of 1909 for the first time granted composers the right to not only retain ownership of their music, but also to receive compensation for its performance (Peterson:1990, 113). The music publishing companies who had subsisted primarily on reprinting works of European artists were given an incentive to promote original works to popu-

larity, because the more a song was performed or played on the radio, the more revenue they would earn. Since the invention of recording technology, the flow of music from artist to consumer has been mainly dominated by companies commonly referred to as record labels. Until recently, the processes of recording, promotion, and distribution were so expensive that to the average-income artist, they were well beyond the limits of personal spending. Thus, the record label found its niche. By investing in the technology necessary to make and distribute professional quality music, the companies could "sign" and manage a number of artists, who in turn would agree to a deal that granted the record company a certain share of copyright ownership of the music produced (Scott: 2000, 117).

In 1914, a number of music publishers banded together and formed the American Society of Composers, Authors, and Publishers, a private company, to collect royalties for public performance (Peterson: 1990, 99). Although the company's success was limited at first, by the 1930s it effectively controlled access to distributing music to the public by mandating that only ASCAP licensed music could be played on the radio, used in movies, and performed in musicals (Ryan: 1985, 104). By 1950, an oligopoly of just eighteen publishers held the power to decide which songs were worthy to reach the public ear (Peterson: 1990, 99). These publishers shared an affinity for the big-band crooner style with abstract love themes, strong melodies, and jazz-inspired rhythms and harmonies. Because of their control, the publishers heavily promoted the style of music they deemed to be good, while actively pushing to limit consumers' access to other styles of music blossoming at the time, namely African-American and country music (Burnett: 2010, 6). In the following decades, the circle only became smaller, and the power to control increased. By 1999, after a few decades of consolidation orchestrated by dominant labels, five large corpo-

rations referred to as “majors” firmly controlled the industry. Brian Hracs and DB Scott identify the majors as Bertelsmann AG, the EMI Group, Seagram/Universal, Sony, and Time-Warner (Hracs: 2012, 2 and Scott: 2000, 114). These multinational corporations became vertically integrated, controlling each aspect of the recording process themselves. They could afford to produce, promote, market and distribute high-quality records, and to conduct legal affairs and scout talent. Figure 1 shows a generalized model of services contained within a major label.

A business model can be defined as “the method by which a firm builds and uses its re-

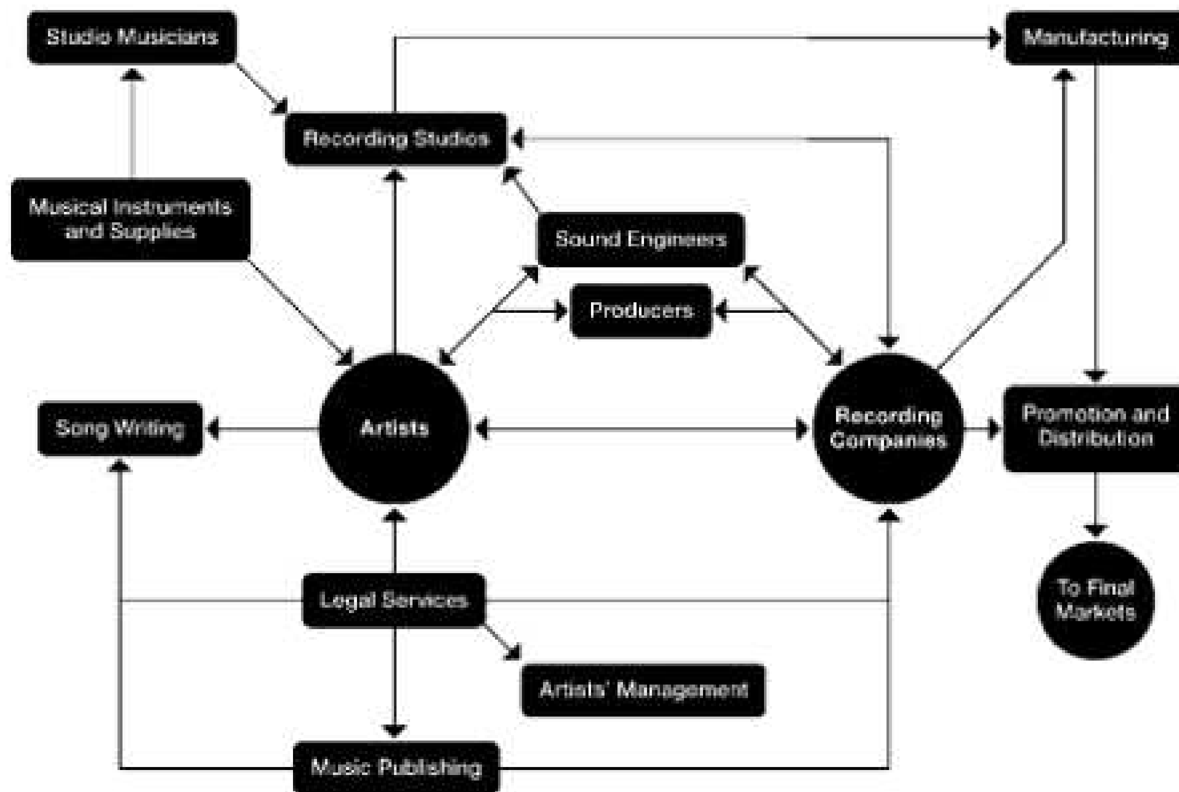

Figure 1. Taken from Hracs 2012, adapted from Scott 2000

sources to offer its customers better value than its competitors and to make money doing so” (Afuah and Tucci: 2003, 4). In the traditional business model, a record label builds its re-

sources by mass producing and distributing physical goods (records, cassettes, CDs) as well as by receiving royalties for radio time and performances by their licensed artists. They grow by reinvesting their earnings into vertical integration, expanding their control over more aspects of the recording process, which in turn allows them to hire better talent, cut costs, and reap larger revenues (Vaccaro: 2004, 49).

Because individual artists overwhelmingly lacked the finances and technical skills to produce independently, they had to rely on major labels for all of the other necessary pieces of recording besides the creative process. In this business mode, a signed artist could enjoy job security through a pre-established contract, and was provided a host of services that allowed them to focus solely on playing and writing music (Hracs: 2012, 3). However, in signing with a major, an artist would have to forfeit much creative autonomy and relinquish a large portion of copyright ownership over their music. In the 1990s in the United States, the vast majority of label-owned studios, production facilities, and distribution headquarters were concentrated in just three cities: New York, Los Angeles, and Nashville (Leyshon: 2009,1313). Therefore, in signing with a major, an artist would be forced to live near the labels in order to work. Musicians also had to operate within the strict confines of the label's creative vision, meaning that ultimately the label would decide which studio the artist would use, which producer to assign to the project, how to format album art, and so on (Hracs: 2012, 4).

The term "independent artist" in 2017 carries a connotation unique to the times and to the circumstances surrounding the recording process. Because an artist, even with a modest income, can afford to record, mix, master, and distribute via the internet, they can operate truly independently. However during the heyday of the Big Five, the term independent or "indie" usually re-

ferred to smaller labels that focused on more peripheral and risky sounds, and the development of new genres (Wikstrom: 2009, 67). Traditionally, the distinction between major and indie labels lay in the majors' control of manufacturing and distribution of a physical product, but that distinction remains largely subjective. These two types of labels have historically shared a strong connection. Indies assume greater risk in their selection of talent, which rarely coincides with the majors' mainstream thinking. Thus, they are able to explore new sounds and foster talent from artists who initially do not fit the majors' mold. Then, typically, once an artist has reached a certain level of success, a major label will acquire either the artist's contract or the label itself in order to access the talent and take it to the next level (Wikstrom: 2009, 67). This flow between indies and majors can be described as an 'upstream' deal.

One notable example of an upstream relationship between labels lies in Ray Charles' career path through the 1950s and 1960s. In 1952, Charles signed with Atlantic Records, an independent label, and began developing a unique sound which blended blues, gospel, and rock elements (BlueNote: 2013). As opposed to the smooth, restrained, big-band crooner style that dominated popular music in the 1950s, Charles' sound was raw and sexual, yet technically impressive. His style of taking gospel-inspired songs and arranging them with "the devil's words" sparked widespread controversy, but also propelled him to fame and inspired a generation of soul musicians (Atlantic Records: 2017). "I Got a Woman," one of Charles' most well known songs, provides a good example of his style. The 1954 hit was adapted from the Southern Tones' gospel tune "It Must be Jesus." Charles set the blues progression to a swinging rock rhythm and rewrote the lyrics to be evocative and sensual. These elements, combined with Charles' unmistakably soulful yet powerful voice, shocked and impressed the music community.

After releasing numerous hits in the R&B world, Charles caught the attention of ABC Records, a division of the major label Universal Records. He signed with ABC Records in 1959, and though he maintained his distinctive style of singing and arrangement, Charles adopted a more pop-savvy sound which incorporated elements from big-band and country music, which ABC promoted to the top of the charts and made ubiquitous on radio stations (Rolling Stone: 2017). Although Charles eventually tailored his sound to be more mainstream, his work at Atlantic Records propelled soul music to the foreground, aiding the birth of a genre as well as the autonomy of African American artists in the music industry.

Such an anecdote helps to prove the importance of creative control in the music industry, which is a major argument presented in this essay. The creative freedom Charles enjoyed at Atlantic Records allowed him to foster a unique sound, which would have been all but impossible had he begun his career within the confines of a major label's vision. Ray's career and the impact it brought to the music industry provide an invaluable example of the importance of independent, authentic music as a driver for change. In present day, that importance carries the same value, and due to rapid technological advances, the independent artist enjoys greater opportunity than ever before. The next section of this paper will explore the technological changes affecting the modern music industry, the resulting lowered barriers of entry, and the opportunity for creative control.

MP3, the Internet, and the Technology Crisis

Until the advent of MP3 technology in 1997, the music industry had a mutually beneficial relationship with technology, and evolved in lockstep with new technological advances. The introduction of vinyl, cassettes, and then CDs allowed for the industry to promote each subsequent

medium of recorded music as superior to the last, simultaneously lowering production costs and raising consumer prices, increasing profit margins (McLeod: 2005, 525). Through such promotion, majors could also justify re-producing old music on each new medium, which allowed them to sell more records without paying for any of the previously completed creative and copyright processes (Leyshon, 2001: 56). However, the majors' amiable relationship with technology ended abruptly when MP3 file-sharing through peer-to-peer (P2P) networks began. Through the internet, music consumers could download and share MP3 files for free, cutting into the profits of the major labels and igniting rapid change in the music industry.

In this early period of transition, music firms and governments had not yet imposed specific legal regulations on file sharing, and so the Internet became a haven for what could be described as "gift economies" where music consumers traded digital files over established networking systems (Hracs: 2012: 6). The best known example of P2P networks is likely Napster, founded in 1999 by Shaun Fanning. By 2000, at any given time, Napster had over half a million people actively sharing MP3 files representing copyrighted material. The next year, 60 million people reportedly had used the site for that same purpose (Leyshon: 2003, 550). As the exchange of music through the internet became more prevalent, the majors took a serious economic hit. Global music sales decreased by five percent in 2001 and then by nine percent in 2002 (Hracs: 2012, 7). After counting on steady growth year by year, the major labels experienced serious financial losses in those years. Seagram/Universal, for example, lost about $12 billion in 2002 alone (Leyshon et al: 2005, 180). Research conducted by the Canadian Recording Industry association reported a forty percent decline in consumer spending after the invention of MP3, between 1998 and 2004 (Carniol: 2005, 1).

An explanation of the technology "crisis" and new consumer tendencies is the necessary foundation for the examination of the digital music industry dominated by streaming conglomerates. This section of the essay will examine the rapid evolution of copyright, business models, and industry control after the radical technological changes brought about at the turn of the millennium.

The revolution of digital technology, combined with changing consumer attitudes, has "thrown into question the very existence of the traditional business model" within the music industry (Wikstrom: 2013, 64). Since the mid 1990s multiple industrial sectors have been experiencing a crisis involving copyright capitalism and digital reproduction. As mentioned earlier, P2P sharing networks quickly eroded the majors' economic control and cut deeply into their profits. This sudden access to free music rapidly changed consumer attitudes, creating what Mark Fox describes as an "entitlement philosophy" wherein consumers view music as a service they deserve rather than a physical product to be purchased (Fox: 2005, 5). Apparently, the nature of digital music leads to a different perception among consumers of what constitutes theft. For instance, a study conducted by the Pew Research Center found that nearly eighty percent of Internet users who downloaded music via file sharing networks did not believe such acts to be unethical (Fox: 2000). Especially among the college age demographic, negative attitudes towards the perceived abuse of power by large corporations reinforced the ethics of online piracy. Leung and Lombardi argue that Napster's P2P platform "play[ed] well with the anti-corporate values of young people," and even served as a "form of protest" against the majors' dominance and pricing levels (Leung and Lombardi: 2001, 19). Furthermore, a 2000 survey of University of California Students revealed that seventy-four percent of the students found CDs to be unreasonably

expensive (Latonero: 2000). Indeed, the Federal Trade Commission found in 2000 that major labels had been purposely inflating CD prices without justly compensating lower-level retailers (Pitofsky et al: 2000).

File sharing didn't just influence music consumers, but also artists themselves. A clip from Alex Winter's movie "Downloaded" compiles and contrasts the opinions of different prominent artists on the legitimacy of Napster in 1999, its year of launch. David Bowie, Metallica, and Snoop Dogg were quick to accuse the site of theft and condemn the practice of file sharing. Eminem eloquently stated his opinion that "Napster is bulls**t." However, Chris Cornell believed Napster would "take a lot of the elements of commerciality out of the corporate world and give it back to the individual," and Seal argued that the technology would bring "true democracy into the music business," and "force the artist to change how they relate to the fan" (Winters: 2013). While some musicians felt cheated out of album sales, others felt optimistic about the democratization of music.

Faced with the technological crisis, the industry itself needed a new way to sell music legally—and for a profit—online. Having lost their control over distribution, the majors were forced to adapt by forming new relationships with online distributors. Apple's online music store, iTunes, offered an opportunity for labels to sell their music legally on the internet, and gave consumers a more personalized platform for constructing a music collection. Launched in 2003, iTunes initially featured a library of over 200,000 songs through which customers could search and purchase individual pieces rather than just albums, which proved to be quite attractive to the consumer (Apple: 2003). The "pay-per-song" model introduced by iTunes propelled it to the forefront of the music industry's distribution arm. Songs sell for an average price of $0.99 and

once purchased can be played on up to five computers, burned to a CD, and transferred to MP3 players without violating existing copyright laws (Allison: 2004, 50). Between 2003 and 2010, iTunes reportedly sold over ten billion songs, and in 2009 accounted for twenty-five percent of the overall music market and sixty-nine percent of the digital market (Whitney: 2009).

Prior to launching, iTunes formed a mutually beneficial agreement with the rapidly adapting major labels which yielded excellent economic results for both parties. At first glance, the variety of genres offered by the online music store seems to counteract the purposeful homogenization of music characteristic of label-influenced record stores, but in fact, iTunes contributes to that very same process. Although customers can browse an enormous library of music containing independent artists and fringe genres, iTunes only actively promotes a narrow range of the same commercially viable music that incessantly dominates radio stations and big-box retailers (Power and Hallencreutz: 2007: 381). The pay-per-song method encourages the purchase of hit singles over full albums, which further narrows the range of music visible immediately to the consumer on the site. Indeed, in a 2003 press release by Apple detailing the launch of iTunes, only five record companies are mentioned in the company's description of music to be offered though the site. Those five companies are the very same "Big Five" major labels that had come to dominate the music industry by the end of the twentieth century (Apple: 2003).

To the great dismay of the majors, regardless of how successful iTunes became, a significant portion of music consumers preferred to pirate and download songs through P2P networks. As the first undisputed leader in P2P file sharing networks, Napster was quickly targeted for legal action by major labels and the Recording Industry Association of America, who leveled charges of copyright infringement against the site (Hracs: 2012, 4). By the end of 2001, Napster

was ordered to remove all copyrighted material from its system. But other networks of similar nature came to fill the void. Although the majors had won the battle against Napster, they realized they could not beat the pirating community.

However, the major labels did learn one valuable lesson. BMG, a subdivision of the Bertelsmann label, conducted market research which revealed that over eighty percent of Napster users would be willing to pay a fifteen dollar monthly fee for the same service they enjoyed previously for free (Leyshon et al: 2005, 185). With this information in mind, BMG entered into an agreement with Napster, granting the site full access to their music catalog provided that they charge customers a monthly fee for the service and paid the label a cut of the profits. Although the new, legal Napster disintegrated rather quickly, the majors realized that what consumers really craved more than anything was unlimited access to a large music database, and that they were willing to pay for it. Thus over the next few years, streaming services began to gain footing in the music market, and grew quite quickly. The next section of this paper will discuss the birth of streaming conglomerates and their effect specifically on independent artists, creative control and the future of the music industry.

Spotify, Streaming, and the Independent Artist:

Andrew Leyshon argues that the music industry's ability to command the disposable income of its chief clients, consumers ages 14-24, is ebbing away. The main explanation he presents lies in the intense competition within the technological entertainment sector, now populated densely with video games, mobile phones, and the Internet, which attracts expenditure away from music (Leyshon et al: 2005, 184). Mark Fox examines a social trend among internet users characterized by a demand for unlimited access to information, connectivity, and enter-

tainment (Fox: 2005, 4). These factors, among others, likely contributed to the demand satisfied today by music streaming technologies, that is, unlimited access to a massive database of music for a fraction of the cost of paying-per-download.

Although a number of streaming companies emerged in the first decade of the twenty-first-century, this paper focuses on Spotify because of its status as the market leader and because of its unique business model. The Swedish-based company launched in October of 2008, offering a free version with advertisements as well as a paid version with special features like the ability to download playlists for offline use and a high-definition streaming option (Kreitz and Niemalä: 2010, 1). At the time of its inception, Spotify contained a database of eight million songs and could be accessed by subscribers in seven European countries. According to their website, as of July 2017, the service is available in sixty-one countries, and their library has expanded to include thirty million songs. Their paid and non-paid users number over sixty million and 140 million, respectively (Spotify: 2017).

Spotify's success thus far, like most successful companies, has stemmed from their ability to satisfy consumer demands in an affordable and user-friendly manner. Two aspects of the service distinguished it initially from competitors: its low-latency streaming and peer-to-peer sharing. Instead of relying on web servers to stream music in real-time, Spotify sends encrypted data between third-party clients which each cache smaller portions of the site's music library for instant play, and clients cannot upload a song unless they possess the whole song (Kreitz and Niemalä: 2010, 2). The protocol, in layman's terms, allows for on-demand access to an enormous library of tracks that would otherwise be too large to maintain for live streaming. This method has proved to be quite attractive for consumers, allowing them to conveniently search and stream

music even with a weak internet signal, and preventing songs from cutting out mid-playback. Spotify also encourages peer-to-peer sharing between customers, which adds a social aspect to music consumption. Consumers can build, share, and even collaborate on playlists with the click of a button (Sutter: 2011).

Spotify's main competitors in 2017 are Apple music and Amazon Prime music. Despite the entrenched advantages of those two massive multinational corporations, they trail Spotify in paid subscribers by at least fifty percent (Resnikoff: 2017). The size and complexity of Apple and Amazon, seemingly their greatest asset, reportedly are actually their Achilles' heel. For example, a comprehensive study conducted by Jackdaw Research found that Apple music customers overwhelmingly found its interface system, linked to the dying iTunes marketplace, to be unwieldy and frustrating (Dewitt: 2015). Amazon Prime music, while successful with the forty year old and up demographic, struggles within attracting the younger generations to its service. It is impossible to know how the power dynamic between the three largest streaming services will play out in the years to come; in fact, Apple, rarely behind the technological curve, has recently announced plans to restructure their streaming service and completely phase out iTunes downloads and Amazon Music has already started undercutting Spotify's subscription prices (Resnikoff: 2017). However, one thing remains clear. Music consumers desire a simple, user-friendly interface that allows for personal customization and peer-to-peer sharing, and that delivers reliable, consistently high quality streams. In today's day and age, consumers receive a level of access to music seldom dreamt of throughout the twentieth century. However, this paper is more focused on how the digital age of the music industry has affected the opportunities available to artists, specifically independent ones. Technological advances have greatly lowered barri-

ers of entry into the music industry and allow for a savvy artist to complete the entirety of the recording and distribution process by themselves. On the other hand, competition between artists is stronger than ever due to over-saturation of content, and making money through recorded music has become quite difficult due to the streaming companies' low rate of pay per stream.

It is difficult to determine exactly how much an artist receives per play on streaming services, but *Forbes* estimates that amount to be between $.006 and $.008 (Forbes: 2016). The article, titled "How much does the average artist earn per play on Spotify?", cites Glen Sears, a music industry digital strategist, who breaks down how the companies calculate their payments to artists. First, they calculate monthly revenue, reserving generally fifteen to thirty percent for themselves. Record labels get paid first, then the Performance Rights Organizations, who monitor and mediate royalty settlements in the industry. By that time, only an estimated forty percent of total revenue remains for artists, songwriters, and publishers. Independent artists, who own their masters and do their own publishing and distribution, will receive a higher rate per stream than signed artists. Such artists, many of whom do not own their masters and rely on labels for promotion and such, will receive a smaller percentage for each stream because those services require payment before the money reaches the musician (Forbes: 2016). Therefore, a successful independent musician has the ability to make far more money per play than one signed to a major label. However, because of the major labels' entrenched position in the industry, a signed artist will usually receive far more plays than an independent.

In the 1970s, independent recording existed, but would require at least $10,000 in overhead costs for just one album, and the artist would have to hire their own producers and engineers to rent and operate the equipment, which at the time was both expensive and difficult to

use (Hracs: 2012, 6). Plus, after producing an album, the artist would have to then pay even more distribution and marketing for the music. However, the “flattening effect” of digital technology and the internet has made the traditionally specialized and costly aspects of making music accessible to just about anyone, provided that they invest the necessary time (Leyshon: 2009, 1320). In a set of interviews of independent artists conducted by Brian Hracs in Toronto, one musician reported:

“As digital technology developed … things became more affordable. $3,000 will buy you a really good computer, software and a bunch of equipment. Technology has made recording more affordable. More people are able to do it on their own. People became less dependent on the label deal, or the big-money contracts. You didn't have to sell your soul for that $20,000 to make the record or whatever. You can actually do whatever you wanted at home by yourself” (Hracs: 2011).

Perhaps the greatest advantage to independents offered by the Internet is the democratization of music distribution. Multiple websites, such as Soundcloud and BandCamp exist for the sole purpose of uploading and sharing music with other users. Social media sites like Facebook and Twitter allow musicians to broadcast tour dates, advertise merchandise, and upload photos for the purpose of marketing. Tunecore, an online music licensing service, rather than requiring artists to sign over a portion of their royalties, charges a flat monthly fee in return for distribution over the world’s largest paid streaming and download sites. Artists keep one hundred percent of their royalties (Tunecore: 2017). According to an article by Forbes, since the company’s introduction in 2005, Tunecore has made nearly one billion dollars in revenue for its artists. Scott Ackerman, CEO, believes that reaching this milestone “tells any musician that you can be independent and successful” (Payne: 2017). Distribution through the Internet also allows for more spacial freedom amongst artists. Whereas the majority of signed artists still remain bound to the

labels in New York, Nashville, and Los Angeles, independents now have the ability to create and distribute music to a global audience from wherever they please (Hracs: 2011, 4).

While barriers to entry have been lowered significantly to independents, those artists now must also face new challenges that have manifested from the changes in the industry. In order to be truly independent, an artist must complete a wide range of non-creative, entrepreneurial tasks necessary to form a brand for themselves and achieve success. An independent artist must also

act as a producer, booking agent, financial officer, marketer, and so on (Hracs: 2012, 6).

Success Strategies Outlined by Prominent Independents, and the Importance of Authenticity in Music:

The independent artist tends to assume more financial risk than a major label artist because of marketing and entrepreneurial challenges, but many music fans would argue that the creative control they retain allows the artist to create more unique and authentic music that attracts loyal fans and influences the future development of music. Not all independents struggle financially, however. Many acts have discovered ways to rise to stardom and achieve success on their own terms. The Grateful Dead, for example, are widely credited with innovating business models in the industry. They strongly encouraged the piracy of their music, specifically live recordings of their shows. The policy formed a connection between the band and its fans, and allowed for the recordings to be widely distributed at no cost. In fact, the bond between the musicians and fans became so unshakable that the Grateful Dead’s loyal followers became known as “Deadheads” because of their devotion to the band. During their career, the band reportedly played over 2,000 shows and grossed around $380 million in ticket revenues (Gilmore: 1995).

The band, famous for its anti-capitalistic sentiments, ironically became wildly lucrative and as Joshua Green of the Atlantic writes, “pioneered ideas and practices subsequently embraced by corporate America” (Green: 2010). The Dead used a hotline for communicating with fans, rewarding the most loyal ones with early access to concert tickets, merchandise, and such. Although treating customers well sounds intuitive for good business, the top-down models characteristic of American corporations in the 1960s and 1970s contrasted with a customer-first orientation (Green: 2010).

In 2018, the number of independents making waves in the music industry greatly exceeds that of the Grateful Dead’s time. Macklemore and Ryan Lewis, Lil Dicky, and Karmin have all found success without signing to a label, mostly through their savvy use of social media and internet distribution. However, Chance the Rapper has arguably attracted the most attention as an independent in the past year, amassing a fortune of more than thirty-three million dollars at age twenty four, without selling a single album (Forbes: 2017). The Chicago native’s unique style of hip-hop, strongly influenced by gospel and R&B music, and his creative use of instrumentation and rhythm captured the ears of millions shortly after he began releasing music in high school. Chance’s released his breakout mixtape, “Acid Rap,” in 2013. Rather than attempting to sell the tape, he uploaded it to datpiff.com, a website for trading mixtapes. “Acid Rap” went unofficially platinum with over one and a half million downloads (Billboard: 2016). The artist proceeded to decline every contract offered to him by major labels, and instead used his newfound fame to secure lucrative festival deals as well as endorsements from Nike, Nestle, and Twitter (CNBC: 2017). In a 2017 interview conducted by Katie Couric, Chance reveals that his “main revenue” source actually comes from his “very successful merchandise business” (Yahoo News: 2017). By

giving away his music for free and cultivating his image, the rapper has created a strong connection with his fanbase, generating massive demand for his merchandise.

While his financial success is impressive, what really sets Chance apart is his way of redefining the music industry. Brent Bradley from DJ Booth argues that Chance's image, characterized by genuine warmth and rejection of industry tradition makes him a symbol of righteousness in a "snake ridden industry" (DjBooth: 2017). He uses his fame to speak against social and political injustice, and strongly encourages the development of independent music in the coming years. When asked why he gives away his music for free in a 2017 interview with ABC News, Chance states "I like to think a big thing with my music is access. Just giving up a universal feel that doesn't exclude anybody, and makes you feel like it's a personable conversation." (ABCNews.com: 2017). When asked about his aversion to record deals, he says "It's definitely hard to keep up the resistance, but I want to show people that its doable without a deal." His innovations in the music industry have landed him the title of the first streaming-only artist to win a Grammy, and have paved the way for a whole new generation of independent artists to make music on their own terms.

Conclusion

In the past decade, digital technologies and the Internet have brought widespread change to the music industry. This paper explored the age of record label control and then the digital shift to provide background and contrast to how the evolving music industry has affected artists' actions. Musicians signed to a major label often enjoy more financial security, but in signing to the label forfeit much creative control over their music in the interest of the label's profits. Today, independent musicians assume high levels of financial risk as well as increased responsibili-

ty over the production of their work, but have gained complete creative control over their music. With the right set of skills, a talented independent can become financially successful while making authentic, original music.

Although the major label system remains the most economically powerful force in the industry, its level of control has declined as consumers became exposed to Internet distribution networks like file sharing and streaming services. The majors' system of shaping artists into new versions of previous successes is beginning to "lose value in the eyes of the consumer," as more listeners crave unique music in an age of overwhelming access (Pfahl: 2005). For the artist, competition has never been stronger due to the lack of barriers to entry, and selling music as a product has lost much of its lucrative potential. However, as shown by certain modern independents, an artist can still become quite successful by exploiting other financial opportunities, like merchandise sales and endorsements. One can only speculate as to what the next decade of evolution in the industry will bring, but for the independent artist, it appears that the coming years will yield not just a new set of challenges, but a whole world of opportunity.

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