

Harmony and Hustle: Independent Labels in the French Hip-hop Scene within the Digital Era

Student name: Isaura Mello Rodriguez

Student number: n°647357

Supervisor: Sophia Gaenssle

Cultural Economics & Entrepreneurship
Erasmus School of History, Culture and Communication
Erasmus University Rotterdam

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Abstract

This research explores how independent labels deal with the new digital environment, taking the French Hip-Hop scene as a case study. Based on qualitative research with 7 interviews of experts in the music industry and a thematic analysis we review the effects of digitalization for independent labels. We first look at the concerns related to the accessibility of streaming platforms, then discuss the dynamics between independent music labels and the majors. We explain the gatekeeping practices in both majors and streaming services as well as the impact of datafication. Our results show that the digitalization is beneficial for the independent labels due to an easier access to music from the production to marketing tools and data reports. Independent labels seek to differentiate themselves from the majors developing a strong identity and quality of music. We also look at the stakes of fake streams and how it disrupt the market. As a result majors might have lose their key role of controlling the market entries but still get a bargaining power and independent labels are nevertheless favored by the digitalization of the industry, compared to the CD era. Nevertheless this thesis opens the way to further academic researches notably the impact of IA on the music industry.

Keywords: music streaming services, digitalization of music, music industries, record companies, gatekeeping

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1. Introduction

The way we consume cultural goods has been impacted by the digital revolution. The cost of producing and distributing music has fallen to an all-time low thanks to technological developments. There is a grey area in the relationship between majors/ independent labels and the streaming platforms due to the diversity of contracts and declaration of secrecy relating to business strategies . This research aims to provide a global vision of the strategies and operating methods of independent labels in the music industry, focusing on French hip-hop within the digital era.

Streaming services have been an important field of research across media and music industries (Peitz & Waelbroeck, 2006; Budzinski & Kuchinke, 2018; Datta et al., 2018; Anderson et al., 2020; Shakespeare & Roth, 2021; Budzinski & al., 2022). Nevertheless there is a lack of literature concerning the impact of streaming services on independent labels. This research aims to contribute to the music streaming literature and to assess the impact of digitalization on independent agents, especially in the hip-hop genre. In the scope of our research we consider all streaming platforms and we are not focused on Spotify as there is already an extensive literature on this specific platform (Papies, 2015; Prey, 2018, 2020; Vondereau, 2019; McKenzie & al., 2021; Wlömert & al., Kowald et al., 2021).

This research takes position in the literature, unfolding the impacts of the shifts from sales of individual goods to streaming services and highlighting the relations of power within the streaming market. The aim of the research is to determine how do independent music labels deal with the new digital environment. To answer to this main research question we will use three sub research questions.

First, we will try to understand the challenges faced by independent labels investigating how they work and compete with both majors labels and streaming platforms. Then, we will investigate the power dynamics and potential barriers faced by independent labels, either by the major labels or the streaming platforms. Lastly, we will provide insights into how independent labels adapt to the digitalization and how it affects the market.

- RQ1: How do independent labels work and compete with (i) majors and (ii) platforms?
- RQ2: Are (i) major labels (ii) streaming platforms gatekeepers in the music industry?
- RQ3: What is the impact of datafication on the market's competitive dynamics?

We will start by providing the theoretical framework with a brief overview of the audio streaming market. Following that, we will review the streaming market structure and define

concepts such as datafication and algorithmic services from a theoretical standpoint. Subsequently, we will explain our qualitative methodology and the coding process used in our analysis. Then we will present our results and discuss them according to the research questions. To conclude, we will address how independent music labels navigate the new digital landscape and propose avenues for future research.

2. Theoretical framework

In this chapter, we will review existing theories and concepts framing our research. We will first look at the streaming market structure and then the stakes of datafication & algorithms.

2.1 Streaming market structure

2.1.1 Market overview

The music industry has undergone constant evolution, with advancements in technology reshaping the production and consumption of music. From the era of phonographs to the advent of audio streaming, significant changes have occurred. In this research, we will discuss the challenges and dynamics associated with streaming, recognizing that it is a dynamic and evolving phenomenon (Spiker & Colbjørnsen, 2020; Colbjørnsen, 2021).

Digital streaming services are increasingly common. This phenomenon is not proper to the music industry only but rather concerns the whole media industries. During the 1990s, the audio streaming technology was developed and the first industry using it were the radio stations, repurposing their broadcasts and creating radio stations only available on the Internet. (Vondereau, 2019)

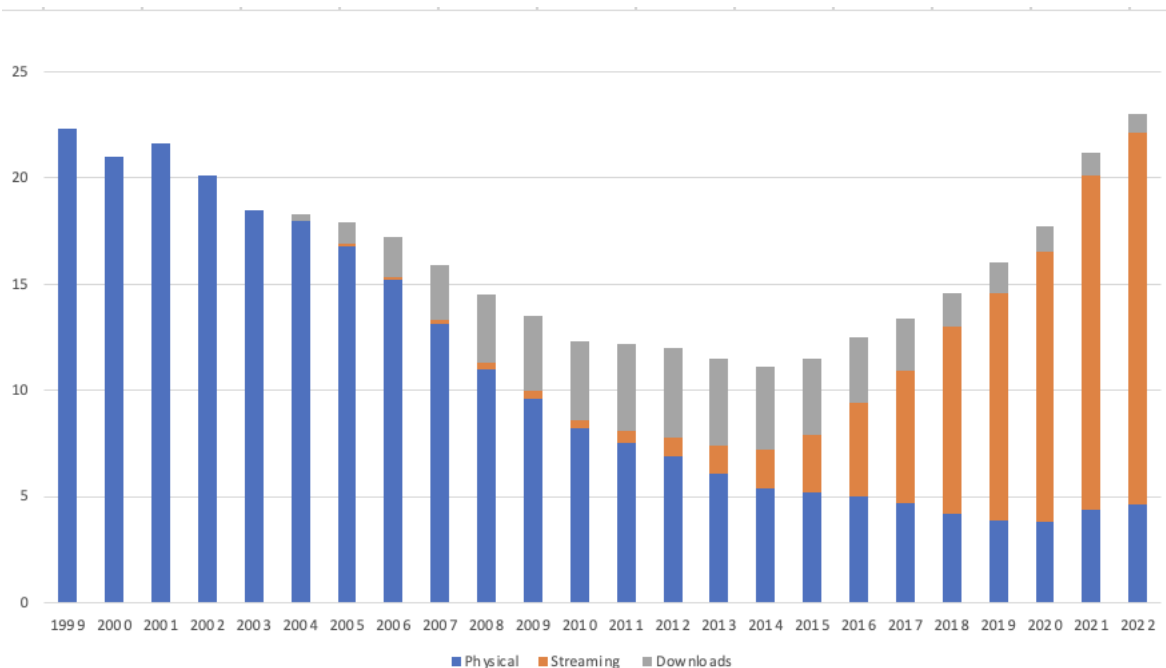


Figure 1. Music industry revenues: Physical/ Streaming / Downloads (1999-2022, US\$ billions) retrieved from IFPI (2022)

As observed in Figure 1, sourced from data provided by the International Federation of the Phonographic Industry (IFPI), global revenues from recorded music declined from 22.3 US\$ billion in 2001 to 13.1 US\$ billion in 2014. This drop cannot be attributed to a decrease in music consumption, but rather to changes in music consumption patterns resulting from the advent of the Internet and the increase of illegal downloads.

The recorded music industry was weakened by the declining sales record and agreed to negotiate agreements with streaming services. Spotify was the first streaming service to secure access to major label catalogues through these agreements. Streaming services provided an opportunity for the industry to regain growth, and by 2017, streaming had become the largest source of revenues for recorded music.

According to Hesmondhalgh (2021), "Music streaming services (MSS) are services that offer on-demand access, whether by internet or mobile telephony, to large catalogs of audio or audio-visual content centered on music, either paid for by subscription, or available 'free' on an advertising-supported basis, or some hybrid of the two" (p.3594).

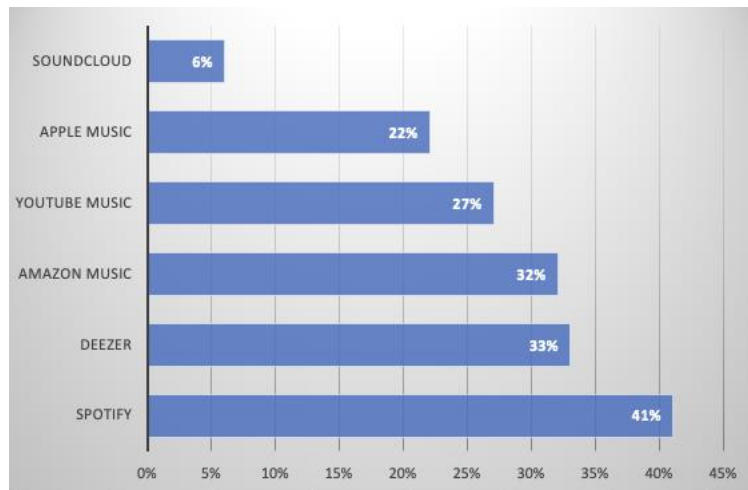


Figure 2. Part of consumers buying streaming services from these platforms in France in 2022 retrieved from Statista Global Consumer Survey (2022)

Figure 2 illustrates the proportion of consumers who pay for subscriptions on the main streaming platforms used in France. Spotify emerges as the leader, with 41% of users having a paid subscription. Deezer and Amazon Music are close competitors, with 33% and 32% of consumers having paid subscriptions, respectively. (Statista, 2022)

It is worth noting that music streaming services generally offer a similar content catalog to users, with some occasional exclusivity to certain songs or albums based on special agreements. Additionally, these services have a global reach, which means that niche, national, or regional platforms do not significantly contribute to the overall network. (Colbjørnsen, 2021)

In summary, services are relatively new and have rapidly become the primary mode of music consumption, bringing in significant changes to the industry. It has been settled that this technology has enabled more musicians to generate income from recorded music (Hesmondhalgh, 2021). However, there are still concerns regarding streaming issues and their impact.

One major concern is the "value gap," as described by Hesmondhalgh (2021, p.3594), which refers to the disparity between the substantial amount of music consumption and the relatively small payouts to rights holders. These claims raise questions about the fair distribution of rewards for music and implying that streaming services bear responsibility for this issue.

Moreover, the digitalization of music has been correlated with the increasing dominance of the top 1% of artists, prompting us to question the power relations between various stakeholders. This fact aligns with the claim that the streaming system reproduces the

dominance of major record companies and an elite group of superstars, which is linked with the dominance of these major companies. (Bonini & Gandini, 2019)

Furthermore, within music streaming services it exists multiple markets embedded into one another, creating a state of co-dependence across different sectors. For instance, Spotify is driven by the financial market rather than the music market, resulting in a co-dependency between growth imperatives and debt financing. These growth imperatives involve both horizontal expansion, such as acquiring more users, content, and data, and vertical expansion by scaling up across different sectors (Vondereau, 2019, p.15). This example underscores the complexity of analyzing streaming markets. There are multiple layers to consider and the relationships between these markets are not straightforward. In this research, we will primarily focus on the music market while leaving the financial and advertising sectors aside.

2.1.2 Market concentration

It has been settled that digital streaming platforms operate within a multisided market framework, acting as "matchmakers" between various stakeholders, including the music, advertising, and finance markets (Prey, 2020). According to Evans and Schmalensee (2013, p.2), the operating system of these platforms can be defined as follows: "Multi-sided platforms create value by bringing two or more different types of economic agents together and facilitating interactions between them that make all agents better off."

These platforms facilitate the interaction of various groups of agents, offering the primary advantage of reducing transaction costs. By eliminating the transaction cost barriers, the platform generates value and simultaneously determines the allocation of value among the different groups of agents (Evans & Schmalensee, 2013). On music streaming platforms there are three groups of agents: the music market, the advertisement market and the financial one concerning the platform's growth strategies. (Vonderau, 2019) Within the framework of our research we will focus on the impact on the music market.

To get knowledge about the competitive density and the barriers to enter the market, we will look at the market concentration. The level of market concentration is primarily influenced by the strength of indirect network effects and the extent of economies of scale (Evans & Schmalensee, 2013; Haucap & Stühmeier, 2016).

We must differentiate between direct and indirect network effects. Direct network effects are influenced by the size of the network, meaning that the service becomes more appealing as the number of other users on the platform increases. Haucap & Stühmeier (2016) provide the example of telecommunications services to illustrate these direct effects: when there are more users of a telecommunication network, the possibility for users to communicate with one another also increases.

On the other hand, indirect network effects are not directly dependent on the number of users, but rather on how the number of users on one side of the platform affects the number of users on the other side. These indirect network effects can be considered as economies of scale on the demand side, as they enhance the economic value that agents can derive from the platform (Evans & Schmalensee, 2013, p.2). In other words, if a digital streaming platform increases its number of monthly listeners, it becomes more attractive for artists to publish their music on that platform. These indirect network effects extend to the opposite side of the market, which, in our example, would be the artists' side (Haucap & Stühmeier, 2016)

To summarize, strong network effects can lead to a highly concentrated market structure. However, these network effects also make the concentrated market structure more efficient for the following reasons. Platforms play a crucial role in creating indirect network effects, as their challenge lies in attracting enough agents on each side to generate these effects (Evans & Schmalensee, 2013, p.9). These indirect network effects have implications for the market dynamics because the demand is not determined solely by the price of the product and its substitutes, as in traditional markets. Instead, the demand of one group of agents depends on the number of agents on the other side of the platform (Evans & Schmalensee, 2013).

Therefore, there are three main countervailing forces in multisided markets regarding the concentration: capacity constraints, scope of platform differentiation, and multi-homing opportunities. Capacity constraints primarily refer to the advertising space on multi-sided platforms. If excessive advertising becomes a nuisance for users, it can decrease the value of the platform. The degree of differentiation among platforms also influences market concentration. Implying that when platforms offer diverse features to cater to the heterogeneity among users, it lowers market concentration. Multi-homing, or the practice of users accessing multiple platforms simultaneously, also impacts market concentration. The effect of multi-homing on concentration depends on the switching costs between platforms. If switching costs are low, it reduces market concentration (Haucap & Stühmeier, 2016).

2.1.3 Gatekeeping power

It is interesting to look at the role of the digital streaming platforms, even more since they are considered as the new gatekeepers. As we have seen previously, the global revenue from recorded music mainly comes from streaming since 2016. (IFPI, 2022) The advent of streaming changed the way of music consumption and therefore the power dynamics within the industry, relocating music audiences into newly fenced digital environments (Bonini & Ganadini, 2019, p.2). Gatekeeping has always existed in the music industry, but the shift from human gatekeeping to platform gatekeeping is novel. When the music was expensive to produce, the gatekeepers were the music producers and then the majors. With the advent of streaming the gatekeeping mechanisms are evolving. Bonini & Gandini (2019) describe gatekeeping as a concept that encompasses the selection process influenced by multiple layers (p.3).

When it comes to platform gatekeeping, the role of human music curators is pivotal. They decide who gets into influential playlists and will therefore be promoted on platforms. This role did not exist prior to 2014 but now every music streaming platform has curators dedicated to each genre. Their responsibility is to determine which tracks are included or excluded from popular playlists. Music curation on platforms can be categorized into two types: editorial (human-based) and algorithm-based. The editorial approach relies on subjective choices made by humans, while the algorithmic approach relies on proceduralized choices made by machine algorithms designed by humans. Each platform employs these two approaches according to their own preferences. For instance, Spotify's playlists vary in their reliance on editorial or algorithmic logic.

In other words, gatekeeping power is demonstrated through algorithms and curators who decide which artists gain visibility on the platform and in the music industry as a whole. Music streaming platforms play a significant role in shaping the global agenda of music consumption (Bonini & Ganadini, 2019).

Therefore, traditionally, the majors were the gatekeeper of the music industry. There are three major labels: Universal Music Group, Sony Music, and Warner Music Group. During the early stages of streaming services, many of these platforms faced challenges as the majors were reluctant to share their catalogues without significant upfront payments (Rogers, 2017).

However, in order to address the crisis in the recorded music industry, the major labels eventually reached agreements with streaming platforms, learning how to collaborate with them and establish new methods of gatekeeping.

There are a few important factors that contribute to the development of majors on streaming platforms. Firstly, the concentration of the industry towards an oligopoly has positioned majors favorably, as artists seeking visibility on these platforms often need to sign licensed and/ or distribution deals with them. Being distributed by a major is beneficial for an independent label on multiple levels as majors have an extensive network; a deep industry expertise; strong marketing, promotional and financial resources. Secondly, the majors benefit from the extensive size of their front and back catalogues. This accumulation of valuable content gives them bargaining power with platforms, allowing them to decide terms of agreement and secure more favorable payment per stream together with marketing advantages. Additionally, their catalogues generate continuous income, creating an oligopolistic situation.

The digital disruption caused by the rise of streaming has also worked in favor of majors, as they have been able to reshape their business models and adapt to the changing landscape. Finally, majors have taken the lead in commercial playlist curation, enabling them to directly reach their audience without relying on intermediaries such as retailers, radio, television, or Billboard. These elements explain how majors were forced to adapt but remained in power over music consumption by establishing dependencies and links with streaming platforms (Kask & Oberg, 2019).

However, tensions between majors and streaming services persist, and it appears that majors are gradually losing their dominance. For instance, a study analyzing a random selection of 500 Spotify-curated playlists found that major labels accounted for just over 50% of all tracks in 2018. Therefore major labels are upset with the share of major label content that Spotify is including in its curated playlists. (Prey & al., 2022, p.84). Moreover, Aguiar & Waldfogel (2018) have confirmed the importance of Spotify-owned playlists for artists careers.

Indeed, gatekeeping exists at various levels within the music industry. Platforms act as gatekeepers by determining which artists receive visibility and promotion, while majors continue to hold gatekeeping power due to the extensive size of their catalogues and their advantageous agreements with streaming services. The interdependent relationship between streaming platforms and majors is exemplified by Prey (2020, p.4): "While artists and labels increasingly rely on gaining access to Spotify playlists, Spotify itself remains heavily reliant on content providers – particularly the highly consolidated major label groups."

2.1.4 Playlists

The impact of playlists on music consumption has been extensively studied by scholars because this feature crystallizes gatekeeping dynamics and highlights the "curatorial power" of streaming platforms.

According to Prey (2020), a playlist is a collection of songs arranged according to a common genre, theme, or mood. On Spotify, playlists serve as the central means of music organization and presentation. The influence of each playlist varies widely and depends mainly on the owner of the playlist.

To navigate through the content of streaming platforms and to create or discover playlists, there are three modes of content access: organic, algorithmic, and editorial access. The organic mode involves users directly exploring the entire catalogue. Algorithmic and editorial access, on the other hand, often complement each other and provide users with guidance (Shakespeare & Roth, 2021). Making a strict differentiation between algorithmic and editorial access is challenging because, as highlighted by Bonini & Gandini (2019), the work of a curator is driven by a combination of taste (10%), editorial considerations (40%), and algorithmic influences (50%). This suggests that every playlist contains both editorial and algorithmic elements, leading to the term "algo-torial" playlists.

Different types of playlists exist, including those created by listeners, record labels, streaming platforms' editorial teams, and algorithmic recommendations. According to Prey (2020), Spotify owns and curates the 35 most followed playlists on their platform, as well as 99 out of the top 100 playlists. Major companies also have their own exclusive playlists to promote their artists. Consequently, playlists owned and curated by Spotify hold significant influence and play a crucial role in an artist's career, further establishing Spotify's dominance in the realm of playlists (Aguair & Waldfogel, 2018).

In conclusion, scholars have previously believed that algorithms offered less diverse content, as they were associated with reductions in content diversity (Anderson et al., 2020; Budzinski & Kuchinke, 2018). However, a recent study by Villermet et al. (2021) presents a contrary finding. The study reveals that editorial playlists, which are curated by humans, tend to emphasize a higher proportion of popular artists, resembling the dynamics of mainstream radio. In contrast, recommendation playlists generated by algorithms generally increase diversity and serendipity, challenging the notion that algorithms necessarily lead to reduced content variety.

2.2 Datafication & algorithms

2.2.1 Datafication and data economics

Datafication has always played a key role in the music industry which change the quantity of data available (Bonini & Gandini, 2019; Hagen, 2022).

Hagen (2022, p.185) defines datafication as the practice of aggregating and analyzing the return path data for commercial purposes. According to Prey (2018, p.2) the main difference from the previous mode of music consumption is the ability to get data feedback generated in real time.

In the CD era, it was possible to get data through the measurement of related activities such as primary sales, radio airplay, etc. Data were much less specific as it was not possible to have specific data for each song or the profile of their listeners. The digital streaming platforms enabled to get very precise data in easily readable ways which impact interactions between industry's stakeholders. Datafication plays a more significant role than before in the music industry, as it now shapes how music is supplied and is accessible on streaming platforms. According to Hagen (2022), Spotify has the lead on collecting and offering music measurements, even if there are similar features on every streaming platform. Nonetheless there is not only streaming services which supply metrics, there are also social media platforms providing data. All these data collected enabled people to make data-based decisions which lowers the risks inherent to marketing a cultural product.

Therefore, the increasing datafication adds a power stake as one needs new skills to understand how digital music works and how to use data efficiently. People who are data literate - which means able to read and interpret data - have a decisive advantage to succeed in the digital world. It explains the relevance of the allocation of data because the players that control crucial interfaces can capture the largest shares of the value creation within the system (Budzinski & al., 2022, p.361).

An informant from Shazam in the study from Bonini & Gandini (2019) stated that they are able to predict the success of new talents up to 11 months before they appear on mainstream outlets thanks to Shazam data. Each platform develops its own software to analyze and provide data to the different sides of their market. It is important to notice that the datafication plays a key role in the music industry and nowadays data are not only supplied by digital platforms but also by major labels and distributors. There are even firms that are specialized in making data

reports for artists who do not have any data analyst within their label. Data could also come from third parties, if someone subscribes to a streaming platform through social media, the platform has access to the data publicly available on that social media.

This understanding of datafication leads us to the realm of data and big data economics. According to Øverby & Auderstadt (2021, p.310), "Big data refers to advanced data analysis methods used to understand user behavior, identify patterns in large datasets, and extract specific information from unstructured data." Big data economics focuses on leveraging big data to generate economic value. Its aim is to uncover hidden information that can be utilized for commercial purposes. Streaming platforms, as suppliers of data to various stakeholders, are active participants of this economy. Having access to data is crucial for stakeholders as it provides them with statistically-based decision-making support.

2.2.2 Algorithms search and recommendation services

The datafication of user behavior has enabled the establishment of efficient algorithms and recommendation systems, and it is important to understand how they operate and the advantages they offer. There are two types of recommendations: media-based and non-media-based. (Budzinski & al., 2018) For the scope of this research, our focus will be on media-based recommendations, specifically in the context of business-to-consumer interactions. It is important to keep in mind that consumers refer to music listeners, while artists and labels represent those who publish their music on the platform.

As settled by the IFPI Global Music Report (2015), whoever wins the recommendation battle could win the streaming music war in this highly competitive market. Moreover, search and recommendation services have been considered as the most influential tool among various types of online recommendations sources. According to scholars, recommended services are beneficial in three ways: turning browsing consumers into buyers, cross-selling and increasing customer loyalty. This also generates positive effects on consumer wellness as search costs are reduced. Indeed, it provides consumers an assistance to find what they like among the vast amount of available content. This explains also how the system of recommendations services could increase profits as it makes customers aware of products they were interested in as well as new products. The better the recommendations are, the longer the customer will stay on the platform. (Budzinski & al., 2018, p.360)

Another key element is that the recommendation services algorithms are continuously improved, by analyzing if the recommendation leads to further consumption. The quality of the analysis of big data plays a determinant role on the quality of the recommendation algorithms.

3. Methodology

In this chapter, we will present our qualitative methodology. First, we will look at our case study and how we collected and coded the data. Then, we will present the 5 themes of the study: 1) access to music streaming platforms; 2) dynamics between independent music labels and major labels; 3) majors labels gatekeeping practices; 4) streaming services gatekeeping practices and 5) the impact of datafication. To conclude this chapter we will look at the potential bias and limits which impact the research.

3.1 Qualitative approach

The aim of this research is to determine how independent labels navigate their way into the new digital environment. As we have seen in the theoretical framework, the music industry is complex, and we believe that a qualitative approach is relevant to gain a comprehensive perspective on the challenges faced by independent labels. While there has been extensive research on how digital streaming platforms operate and on the oligopoly structure of the music industry, the strategies of independent labels regarding how to navigate in the digital environment has received less attention. To conduct an in-depth exploration, we selected the French hip hop scene as a case study. This enabled us to better understand the contextual factors independent labels encounter and derive practical implications.

Our research primarily relies on primary qualitative data. The dynamics we are interested in are more adapted to a qualitative approach as business strategies are confidential and the best way to get a global and accurate vision of the concerns is to directly talk to experts in the field. Moreover, it brings more details and insides from the business view than quantitative data.

Additionally, we have incorporated quantitative secondary data from reputable sources such as the International Federation of the Phonographic Industry (IFPI) and its French counterpart, the Syndicat National de l'Édition Phonographique (SNEP), to support our findings with relevant figures. Furthermore, we have utilized secondary data from the French regulatory authority for audiovisual and communication (ARCOM) to enhance the comprehensiveness of our research.

3.2 Case study & sampling

We chose the French hip hop scene as a case study because this genre is the leader in French music. According to the Report from ARCOM (2022), rap music is the most listened genre on streaming platforms representing 71% of all listening. Moreover, 90% of rap listening are from French rap which implies that French hip-hop is leading the French music industry. (Arcom, 2022; VentesRap, 2023)

We conducted seven semi-structured interviews with various experts from the music industry. Most of the interviews were online (6/7) by Zoom and lasted from 45' to 70'. There was one interview in person in Lausanne (Switzerland) and it lasted 50'.

To find and select participants we started to identify key actors of the French hip-hop scene. We figured that we had to interview people on different levels, working for different structures to get an overview of independent labels adaptation to the new digital environment.

We started to reach interviewees in February 2023 and we ended data collection in May 2023.

As a start we used our network and then we reached people on Instagram or LinkedIn. To get 7 interviews we got in touch with 25 people but a lot of them declined to participate as they had the subjective impression of lacking expertise or because of secrecy declarations.

We did interviews with people working for independent labels, for streaming platforms and for major labels to reflect different points of view on the field. Moreover it enabled us to get a great variety of the sample which lead to a better understanding of the topic and increase the validity and generalizability of our findings.

Regarding independent labels/ artists, we have conducted interviews with *Z*, head of a Swiss label. *H* and *R* are artists managers working with independent labels and *L*, project manager for a French independent label.

To get a perspective from majors, we conducted one interview with *M*, data analyst for a major label. Then we got two interviews with people working for a streaming platform: *A* who is a data scientist and *U* who worked in corporate development in parallel with his work as editor-in-chief of an online rap media. We recorded the interviews by Zoom feature when they were online and with the Dictaphone feature from our phone when we met in person. On Figure 4., you get a summary of the interviews conducted. The interview guide can be found in Appendix A.

Pseudo	Position	Type of company	Meeting	Duration
M	Data analyst	Major	online	40'
A	Data scientist	Streaming platform	online	40'
U	Corporate development	Streaming platform	online	45'
Z	Label manager/ DJ	Swiss independent label	In person	50'
H	Artist manager	French independent label	online	70'
R	Artist manager	French independent label	online	56'
L	Project manager	French independent label	online	50'

Figure 4. Summary of interviewees.

3.3 Analysis method

To analyze qualitative data we used the software *Atlas.Ti* which is designed for qualitative analysis. We first did a verbatim transcription of the interviews, with *Premiere Pro* and manually. Then we started looking at how to code them. We did a thematic analysis by examining our data and identifying similar patterns and themes with an inductive approach. At the end of the coding process, we got 24 codes for 293 coding units on 7 documents. We identify 5 main themes through our research: access to music streaming platforms, dynamics between independent music labels and major labels, major labels gatekeeping practices, streaming services gatekeeping practices and the impact of datafication.

To better understand the analysis, we will have a look at how the data has been coded and which codes were used to define each theme. To be more concise we will explain the coding in general but you can find the coding per interview in the Appendix B.

Each theme has a color and in Figure 5 we get an overview of the coding process and how many times each code has appeared.



Figure 5. Coding overview

Theme	Color
Access to music streaming platforms	Blue
Dynamics between independent and major labels	Purple
Major labels gatekeeping practices	Yellow
Streaming services gatekeeping practices	Red
Impact of datafication	Green

Figure 6. Themes by colors

3.3.1 Access to music streaming platforms

This theme is relative to the access to streaming platforms for independent labels. With this theme we seek to understand the access to music streaming platforms and the strategies employed by independent labels to collaborate with platforms.

The code “access to playlist” is the biggest coding unit of this theme with 21 references and is relative to the stakes of playlists. Networking is also playing an important part in accessing streaming platforms, and it appears 9 times through the interviews, it is coded as “networking”. The difference between the code “access playlist” and “playlist” is that the first one is specifically about the stakes on getting in the playlists rather than the second one is more general speaking about playlists. There is also a code “discovery mode” as this feature from Spotify has been discussed on 5 interviews over 7. The last code for this theme is relative to statistics and coded namely, as statistics allowing us to better figure out the phenomena discussed with figures.

3.3.2 Dynamics between independent music labels and majors labels

Through this theme we wanted to explore the dynamics between independent music labels and majors, this theme appears purple on Figure 4. This theme is the largest with 7 codes and gave us insight on the differentiation and competition between independent and major labels.

The main codes are “quality of music” with 33 coding units and “data analysis” with 28 coding units. We coded “quality of music” each time that it appeared as a means of differentiation from independent labels. The code “data analysis” was used every time we got an insight on how data analysis was conducted both in independent and major labels. The strategies of independent labels were coded as “strategies inde” and each time it became more specific we coded it as “social media” or “live performance”. Moreover, there is a shift in the music consumption, and it plays a role in the dynamics between independent and majors. We coded this change of consumption as “music consumption”.

3.3.3 Major labels gatekeeping practices

In this section, the theme is about the major labels gatekeeping practices and the codes are represented in yellow in Figure 4. The largest code is “Diff ind/ major on DSP” with 50 occurrences over the 7 interviews. This code is used to differentiate independent labels from

the majors on digital streaming services. The fact that it appears in each interview shows the importance of the topic. With “market shift” we coded the market shift happening with digitalization. With “distribution” we coded the stakes relative to the distribution of the music. Finally as “remuneration” we coded the stakes relative to the remuneration of labels through streaming platforms.

3.3.4 Streaming services gatekeeping practices

Through this research we seek to understand the gatekeeping mechanisms in the digital environment for independent labels. Through this theme we seek to understand whether streaming services are gatekeepers in the music industry. We coded “strategies on DSP” every time that an interviewee told us about their strategies on streaming platforms, it appears 34 times over 6 interviews. By “accessibility” we coded all the stakes relative to the accessibility to the streaming services in general and not only in certain features like the code “access playlist”. The code “accessibility” appears on every interview. Then, we coded “law” for all the concerns about legislation and specific agreements between streaming services and labels distributors.

3.3.5 Impact of datafication

The last theme concerns the impact of datafication on the music industry. The codes relative to this theme are in green on Figure 4. Each time interviewees talked about algorithms and/or recommendation services and their impact, we coded it as “algorithm” and it appears 29 times in 5 interviews. We also coded “fake streams” for the concerns relative to the purchase of fake streams and its impact on the market, this code appears in 4 interviews. Through “competition streaming services” we coded every time that the competition between streaming services was mentioned. Moreover, we coded “benefits streaming” each time the benefits of streaming services were highlighted.

3.4 Justification and limits

Qualitative methods were the most suitable approach for conducting our research and gaining insights into the various connections and challenges within the music industry. Nonetheless it is important to acknowledge the presence of six biases associated with the use of qualitative methods and the specific approach we employed in this research.

The first bias is a selection bias. Initially, we relied on our personal network to recruit participants, and later used social media to expand our target. As we were looking for experts of the field, the access to those people was very challenging and harder than for a random sample. Therefore, this approach may have imposed limitations on the representativeness of our sample, despite our efforts to achieve as much diversity as possible among industry stakeholders. In addition, although we aimed to interview an equal number of men and women, we ultimately interviewed two women only.

There is also a self-selection bias present in our research. This means that the participants who agreed to be interviewed may have stronger opinions on the music industry compared to those who declined, as they may not have considered their opinions valuable or felt they lacked the necessary skills or expertise. This introduces the bias of non-response, as 16 out of the 25 individuals we contacted declined to participate in the interviews, and 2 did not respond to our solicitations. The opinions of those who declined may have differed from those in our sample, potentially influencing our findings.

It is worth noting that some individuals declined to participate due to concerns about confidentiality, despite our assurance on data anonymization. This highlights the competitive nature of the industry. Additionally, some managers of independent artists declined to participate due to a perceived lack of expertise, as they did not feel they possessed enough knowledge to contribute to the research.

When examining the reliability of the data collected, it is important to consider the potential bias of social desirability. This bias is inherent in qualitative methods, as we conducted the interviews ourselves, and participants may provide responses they perceive as socially acceptable rather than expressing their true thoughts. It is closely linked to interviewer bias, where our reactions to what was said during the interview may influence the responses of the interviewees.

The final bias, which may be the weakest, is the technological bias. The majority of the interviews were conducted online and recorded. The act of being recorded could potentially influence what people said, and conducting the interviews via video conference may introduce an additional sense of distance between the interviewee and the interviewer, potentially impacting the reliability of the collected data.

To mitigate these biases, we were attentive to them throughout the research process and maintained reflexivity, particularly during data analysis. Firstly, we ensured the anonymity and confidentiality of participants' responses by having them sign a consent form. Secondly, to

address selection bias, we deliberately selected individuals from diverse backgrounds and experiences. We conducted semi-structured interviews and endeavored to maintain a neutral stance, minimizing interviewer bias and social desirability bias. Additionally, in 5 out of 6 online interviews, we had the camera on to reduce technological bias associated with conducting interviews online.

Nonetheless, we acknowledge that self-selection bias and non-response bias are the most significant biases in our research. These biases have the potential to impact the generalizability of our findings to a larger sample and the accuracy of the collected data.

4. Results and discussion

This research aims to explore how independent labels adapt to the ever-changing digital landscape of the music industry. In this chapter, we will present our findings by addressing the research question. Each research question is related to a theme presented in section 3.3.

4.1 How do independent labels (i) work with platforms and (ii) how do they compete with majors?

4.1.1 How do independent labels work with platforms?

During our research, we were focused on understanding how independent labels collaborate with streaming platforms and the strategies they employ. It's important to note that the music industry is constantly evolving, and as a result, the strategies discussed below may become outdated in the upcoming months. This question is relative to the theme of accessibility to music streaming platforms (3.3.1). For instance, we discussed the significance of being featured on influential playlists with L:

Playlists have really been the lifeblood for years, they still are to some extent, but they tend to be less and less hegemonic.¹

This vision is also echoed by H, who observes that playlists are not driving as many streams as they used to, particularly in comparison to other features such as radio:

In terms of streaming for 5,070,000 streams on Spotify for the track Schéma Monotones by Edge, the Cloud Rap playlist, held by Spotify, brought us 144,000 streams. What brought us the

¹ Original transcript L : « Les playlists ont vraiment été le nerf de la guerre pendant des années, elles le sont encore dans une certaine mesure, mais elles tendent à être de moins en moins hégémoniques. »

most streams is the radio feature, that is to say that you have a track and you click on associated radio and there we had 775 000 streams for the same track. ²

Therefore, playlists and their accessibility have been a recurrent theme during the interviews with 21 coding units. Even though playlists may generate fewer streams than before, being featured in those playlists is still considered relevant as it allows for the establishment of a long-term relationship with the streaming platform.

To gain access to playlists, independent labels employ various strategies. The first strategy, mentioned in 4 out of 7 interviews, is to choose the right distribution agreement. Depending on the distributor selected, this can open new doors and provide access to certain playlists and features.. R, the manager of an independent artist, shared how working with Believe, an independent distributor, helped them gain recognition from individuals working at Spotify:

In 2019 we were working with Believe, so for my artist's first project, he was unknown to the world. As it's Believe that pitches and it's a distribution deal, obviously, we had a much better chance that the editorial at least listened to the track we sent and the Spotify editorial had a crush on my artist's track. ³

Later, R and their artists were given new opportunities by integrating Spotify's Discovery Mode, which resulted in gaining over 100,000 monthly listeners for their music. The coding unit “Discovery mode” has 8 occurrences through our interviews and it appears only in our discussion with people working for independent labels which shows the importance of this feature for them.

The importance of networking and establishing strong relationships with platforms has been frequently mentioned. The coding unit “networking” has 9 occurrences and this involves activities such as bringing awareness to the platform and sending new tracks in a timely manner. It is also common for independent labels to organize listening sessions a few weeks before a release, inviting people from streaming platforms to create awareness about the project and maximizing the chances of capturing attention once the project is officially launched.

² Original transcript, H : « En termes de streaming pour 5 070 000 streams sur Spotify pour le titre Schéma Monotones de Edge, la playlist Cloud Rap, tenue par Spotify, elle nous a ramené 144 000 streams. Ce qui nous a rapporté le plus de streams c'est la fonctionnalité radio, c'est-à-dire que tu as un titre et tu cliques sur radio associée et ça tu vois on a eu 775 000 streams pour le même titre.»

³ Original transcript, R : « En 2019 on travaillait avec Believe, donc pour le premier projet de mon artiste, il était inconnu au bataillon. Comme c'est Believe qui pitch et c'est un contrat de distribution, évidemment, on avait beaucoup plus de chances que l'édito au moins écoute le morceau qu'on envoyait et l'édito de Spotify a eu un coup de cœur pour le morceau de mon artiste »

These strategies are not exclusive to independent labels. Majors often have established relationships with platforms employing their staff to maintain regular contact with them. *H*, working as a manager told us how networking plays a key role to get on streaming services playlists:

*Getting people to notify you of Spotify or Apple Music playlists involves two things. First, it's all about networking. And secondly, to be lucky enough to get them to like the work of the artist I'm developing.*⁴

4.1.2 How do independent labels compete with majors?

Now that we have discussed how independent labels deal with platforms, we will have a look at how they compete with majors. This question is related to the theme 3.3.2 covering dynamics between independent music labels and major labels. Two main strategies emerged from the interviews: the first one is differentiating themselves from majors through the quality of music and the strong identity of independent labels. The second strategy involves a focus on live music to build audience loyalty or, at the very least, to provide the artists with an opportunity to have their music heard.

In the interviews with people from independent labels, the quality of music frequently comes up with 33 occurrences as part of their identity and a way to differentiate themselves from majors. We asked *Z*, head of an independent label, how her music stands out amidst the constant flow of new releases:

*We offer an artistic quality, a product, an identity that only us represent (...) We are free electrons and that's also what gives us strength. In major you need hits and you need to do 10 times what works, but for us it's precisely because there are not 10 times what we do that it works. Our mojo is to never do what has already been done. Always bring a different sauce, a twist, something that resembles us. That's the freedom.*⁵

In the sample of our research, all the interviews from independent labels aim to build audience loyalty which has 16 occurrences. However, it is not a universal strategy, and some artists do not aim to keep their audience but rather have a hit strategy, which means they focus on the success of particular tracks. This dynamic was recalled by *L*:

⁴ Original transcript, *H* : « Pour se faire notifier par les gens des playlists Spotify ou Apple Music il y a deux choses. Premièrement c'est une histoire de réseau. Et deuxièmement avoir de la chance pour qu'ils aiment le travail de l'artiste que je développe. »

⁵ Original transcript, *Z* : « On offre une qualité artistique, un produit, une identité que y'a que nous qui représentons (...) On est des électrons libres et c'est ça aussi qui nous donne de la force. En major il faut des hits et il faut faire 10x ce qui marche, mais nous justement c'est parce qu'il y a pas 10x ce qu'on fait que ça marche. Nous notre mojo c'est de jamais faire ce qui a déjà été fait. Toujours amener une sauce différente, un twist, un truc qui nous ressemble à nous. C'est la liberté. »

*It's not mandatory for artists to build a loyal audience. It depends on the profile of the artist and where you want to go as an artist, your career, your strategy, your vision, etc.*⁶

As settled by R, focusing on live performance is a good way to stand out and reach an audience, considering the new ways of music consumption:

*We are in a strategy of live music rather than being discovered on the platforms, because there are a lot of tracks or rap projects that come out every Friday, it's complicated to put ourselves forward. People today consume music by listening to 20 seconds whereas when you're in real life for 30 minutes, you're obliged to listen and you capture what the artist is about, who he is, etc.*⁷

This strategy of live performance is shared by other independent labels, the coding of live performances has 10 occurrences.

Our discussion with Z led us to understand the relationship between independent labels, their strong identity, and live music. Z explained that independent labels often create their own events and concerts, which serves as a platform for them to share their values and connect with their audience:

*We go to parties, we create our own release parties. We have our own DNA and that's what allows us to be authentic, that's what we try to transmit and that's what makes us different from the majors.*⁸

At the beginning of the research, we assumed that independent labels would have significant disadvantages compared to majors in terms of data analysis. However, based on our interviews, we discovered that the lack of a dedicated data analyst for independent labels does not have a significant impact. This can be attributed to the fact that majors handle a large number of artists and need to manage data from extensive catalogues, making the role of a data analyst crucial in their operations. On the other hand, independent labels obtain their data either directly from streaming platforms or social media, or through their distributors who provide

⁶ Original transcript, L : « C'est pas obligatoire pour les artistes de fidéliser leur audience. Ça dépend le profil de l'artiste et ce vers quoi tu veux te diriger en tant qu'artiste, ta carrière, ta stratégie, ta vision, etc. »

⁷ Original transcript, R : « Nous on est dans une stratégie de musique live plutôt que être découvert sur les plateformes, parce que il y a beaucoup de morceaux ou projets de rap qui sortent tous les vendredis, c'est compliqué de se mettre en avant. Les gens aujourd'hui consomment la musique en écoutant 20 secondes alors que quand t'es en réel pendant 30 minutes, t'es obligé d'écouter et tu captés ce que l'artiste dégage qui il est, etc »

⁸ Original transcript, Z : « On va dans les soirées, on crée nos propres release parties. On a notre propre ADN et c'est ce qui nous permet d'être authentique, c'est ce qu'on cherche à transmettre et c'est ce qui nous démarque des majors. »

them with reports containing the necessary data. We coded all the concerns about data analysis with the code “data analysis” which has 28 occurrences and was raised in each interview.

To gain further insights, we asked M, a data analyst working for a major, about any differences in data access between majors and independent labels:

*There is no difference. It is who you have in your team that will allow you to take or analyze the good things, the difference will be played on that.*⁹

4.2 Are (i) major labels (ii) streaming platforms gatekeepers in the music industry?

4.2.1 Are major labels gatekeepers in the music industry?

Before the digitalization, major labels were known for being the gatekeepers of the industry. However, the emergence of the internet, coupled with technological advancements, has made it easier and more affordable to produce and distribute music (Kask & Oberg, 2019). These concerns are related to the theme of majors labels gatekeeping practice in section 3.3.3. Majors are now losing their gatekeeping power, not only in music production but also in music distribution, as they face competition from large independent distributors such as Believe, Idol, etc., as well as aggregators like Distrokid, Tunecore, etc. This shift in the music industry is coded as market shift and has 28 occurrences through the interviews.

H provided us with an example illustrating the shifting dynamics of gatekeeping in the industry:

*You can distribute your track easily with Distrokid and actually everyone has the right to do that, whereas before you would make a CD and sell it. Alone it was impossible. And so it created a total change in the whole industry. Because it's no longer held by just three main players, it belongs to the world.*¹⁰

R also sheds light on the shift in the music industry, attributing it to recent industry restructuring facilitated by technological advancements:

*At one time, all the artists signed with majors with artist contracts of which everything was taken care of. Today, it's becoming very rare because our generation has learned to set up companies, to structure itself and want to own their masters. So there are mostly distribution and licensing contracts with the majors.*¹¹

⁹ Original transcript, M : « Il y a pas de différence. c'est qui tu as dans ton équipe qui va te permettre de prendre ou d'analyser les bonnes choses, la différence va se jouer sur ça. »

¹⁰ Original transcript, H: « Tu peux le distribuer facilement ton titre avec Distrokid et en fait tout le monde a le droit à ça alors qu'avant va fabriquer un CD et le vendre, tout seul c'est impossible. Et du coup, ça a créé un changement total dans toute l'industrie. Parce c'est plus tenu que par trois acteurs principaux, ça appartient au monde. »

¹¹ Original transcript, R : « A une époque, tous les artistes signaient justement dans les majors avec des contrats d'artistes et tout était pris en charge. Aujourd'hui, ça devient très rare parce que notre génération a appris à monter des boîtes, à se structurer et c'est intéressant d'être propriétaire de ses masters. Il y a donc surtout des contrats de distribution et de licence avec les majors. »

The notion that major labels have lost their prominent position in the music industry emerged in five out of the seven interviews conducted. Z, the head of an independent label, also expressed a similar sentiment:

The majors don't have the power on the music nor on the masters but on the promotion because they have the money to pay the ads and the back catalogue allow them to have more incomes.¹²

Majors still have power on the music as they still get advantages on getting the audience attention by investing money on advertising and marketing tools. Therefore, they do not get advantages from all the features on streaming services as we have seen in the section 2.1.4 with empirical evidences that show that majors market share on Spotify owned playlists represents only 50%

During our research, we interviewed R to explore how streaming has transformed the dynamics between independent labels and majors. According to R, the dynamics have shifted, and the primary goal for artists and labels is no longer to solely catch the attention of major labels or streaming platforms. Instead, the key focus is on capturing the attention and interest of the audience once the music is released:

It has brought ten times more people to put their music online, so it is still just as complicated when you're an independent to get noticed. It's a bit like the system of capitalism, majors facing the small wage earners, they will always adapt to win the power relations. I think that at the beginning when streaming arrived, the time it takes for small independent labels to understand how it works, majors were already one step ahead.¹³

In summary, it appears that major labels have lost their key role to manage market entry in the music industry. However, they still possess gatekeeping power due to their extensive back catalogues, which generate automatic income that can be reinvested in promoting their current artists. This means they have more financial resources to allocate towards their current roster.

Additionally, major labels maintain a privileged relationship with streaming platforms as their catalogues generate substantial revenues which gives them a bargaining power. These concerns are illustrated with the code “differences between independent labels and majors on streaming services” which has 50 occurrences, showing the importance of this issue.

¹² Original transcript, Z : « Les majors n’ont plus le pouvoir sur la musique ni sur les masters mais sur la promo parce qu’ils ont les sous de payer les ads et les backcatalogue leurs permettent d’avoir plus de revenus. »

¹³ Original transcript, R : « Ca a amené dix fois plus de gens qui mettent leur musique en ligne donc ça reste quand même tout aussi compliqué quand t’es un indépendant de sortir de ton truc. C’est un peu le système du capitalisme, c’est à dire que les majors face aux petits salariés, ils s'adapteront toujours pour gagner le rapport de force. Je pense qu'au début quand le streaming est arrivé, le temps que les petits labels indépendants comprennent comment ça marche les majors ont toujours un temps d'avance. »

Our interview with U revealed the existence of special agreements between majors, certain distributors, and streaming platforms concerning remuneration:

The majors have an advantage because the big independents of the distribution are gathered in a union called Merlin and that negotiates in their favor, but not against the aggregators like Tunecore will have lower incomes because there is no negotiation, the tariff is minimal.¹⁴

4.2.2 Are streaming platforms gatekeepers in the industry?

To examine the role of streaming platforms in gatekeeping the music industry, we will use the theme in the section 3.3.4 about streaming services gatekeeping practices.

As we have observed, it is relatively easy for artists to upload their music to streaming platforms, even without a distribution agreement with a label or distributor, thanks to the availability of aggregators. There is no gatekeeping when it comes to accessing the platforms. However, it is important to note that a staggering number of tracks, approximately 100'000 are uploaded to streaming services each day (Ingham, 2022). Therefore, the challenge lies not in publishing the music but rather in getting it listened to by the audience. The coding “strategies on DSP” has 34 occurrences over 6 interviews which shows that it is a central topic for experts.

During our interview with A, a data scientist from a streaming platform, we inquired about whether certain artists receive more prominence on the platform:

For the moment, our main goal is that the user stays as long as possible and that we offer him relevant stuff. So we have no interest in promoting certain artists because for the moment, really, the customer is king. But frankly, I wouldn't be surprised if that happened with us, Spotify is doing it.¹⁵

The lack of regulation towards platforms has resulted in disparities in how each streaming service operates. This concern was raised in the interviews as the coding “law” appears 13 times. Furthermore, the specific agreements regarding remuneration and collaborations between labels and platforms are often confidential and exhibit significant variations. H, the manager of an independent artist, provides their perspective on the matter:

The deals between the streaming platforms and the labels are so opaque that I would have to spend my life reading contracts and privacy policies on Spotify and

¹⁴ Orihinal transcript, U : « Les majors sont avantagées parce que les gros indépendants de la distribution sont réunis sont un syndicat qui s'appelle Merlin et qui négocie en leur faveur, mais pas contre les agrégateurs type Tunecore auront des revenus plus faibles parce que il y a pas de négociation, le tarif est minimal. »

¹⁵ Original transcript, A : « Pour l'instant, notre but principal, c'est que le user, il reste le plus longtemps possible et donc qu'on lui propose des trucs pertinents. Donc on a aucun intérêt à mettre certains artistes en avant parce que pour l'instant, vraiment, le client est roi. Mais franchement, ça m'étonnerait pas que ça arrive chez nous, Spotify le fait. »

*Deezer. We take what they give us in relation to the streaming we've done and we don't question it all the time.*¹⁶

In conclusion, gatekeeping mechanisms exist within the music industry, involving both major labels and streaming platforms. However, the gatekeeping power of major labels has diminished over time, although they still benefit from certain preferential channels for their artists. It is important to note that the music industry is vast, and not only majors but also many independent labels have their own A&R (Artists and Repertoire) departments responsible for discovering new talents. To gain further insights, we sought H's opinion on whether gatekeeping in the industry as a whole has become stronger since the advent of streaming:

*It's crazy how many people do 0 listens but I can't believe that an artist who does amazing stuff doesn't get picked up by a label. I mean it's the job of all the talent scouts, all the DAs to listen to everything that's being done all the time everywhere. Even if it doesn't make you successful directly if you have talent you're supposed to be noticed.*¹⁷

4.3 What is the impact of datafication on the market's competitive dynamics?

Datafication has introduced various elements that influence competition within the music industry. The theme related to this question is the impact of datafication in the section 3.3.5.

One significant aspect is that despite certain disruptions and a high level of concentration, streaming services have provided opportunities for more individuals to make a living from their music. This point was emphasized in the majority of the interviews and the coding “benefits of streaming” appears 5 times, such as in the interview with M:

*It's a compromise to the piracy that was really damaging. We were able to limit that. Now, of course, we have to start from there and there are things to improve. But we must also appreciate what has been done to help artists today that we would never have listened to without streaming. Because today you can distribute your music and it is listened to in the world.*¹⁸

¹⁶ Original transcription, H : « Les deals entre les plateformes de streaming et les labels c'est tellement opaque que je devrai passer ma vie à lire et des contrats et des politiques de confidentialité sur Spotify et Deezer. On prend ce qu'on nous donne par rapport au streaming qu'on a fait et on remet pas tout le temps ça en question. »

¹⁷ Original transcription, H : « C'est fou le nombre de personnes qui font 0 écoute mais j'ai du mal à croire qu'un artiste qui fait des trucs incroyables ne soit pas repéré par un label. C'est à dire que c'est le travail de tous les talents scouts, de tous les DA d'écouter tout ce qui se fait tout le temps partout. Même s'il ça te fais pas réussir directement si t'as du talent t'es censé être remarqué. »

¹⁸ Original transcription, M : « C'est un compromis par rapport au piratage qui faisait vraiment des dégâts. On a pu limiter ça. Maintenant, c'est sûr qu'il faut partir de là et il y a des choses à améliorer. Mais il faut savoir aussi apprécier ce qui a été fait pour aider les artistes aujourd'hui qu'on n'aurait jamais écouté sans le streaming. Parce qu'aujourd'hui tu peux distribuer ta musique et elle est écoutée dans le monde. »

Furthermore, during the course of our research, we discovered a relatively unexplored issue to the best of our knowledge: the impact of fake streams in the music industry. The code for “fake streams” has 11 occurrences through 4 interviews. This problem notably affects the hip-hop genre, with 84.5% of fake streams occurring on Spotify and 27.7% on Deezer being attributed to this genre. However, it is crucial to contextualize these figures, considering that hip-hop is also one of the most widely listened genres. Putting them in perspective with the total number of listenings on the platforms, fake streams represent 0.4% of listens on Spotify and 0.7% of listens on Deezer. (CNM, 2023)

During our interview with a data scientist, A, who works on the recommendation team for a streaming platform, we discussed their processes for addressing suspected fraud:

We have a whole team that deals with fraud and it's algorithms, it's not done by hand and so they're not going to delete the song, they're just going to report it to us and we're going to eject it from our algorithms. And indeed, this happens a lot in rap.

They don't show up anymore and we don't even pay them, the real streams will be counted and the fake ones won't, they're not counted in the balance and you won't get paid for that.¹⁹

The issue is that the entire music industry now heavily relies on data. Assessing an artist's level of popularity, and consequently assessing his value all about analyzing metrics such as the number of streams and monthly listeners. This fact was highlighted in the interview with L, a project manager for an independent label, who shed light on the magnitude of this phenomenon:

Today an album that is launched without buying a stream, it's almost impossible. It can be part of some launch strategies but not at the level of record companies. A record company will never buy streams in its name. Now, everyone knows about this and especially the record companies, they want to fight on an equal footing with the others. So the moment someone starts cheating, it's also a Domino effect where everyone starts cheating.²⁰

¹⁹ Original transcription, A : « On a toute une équipe qui s'occupe de la fraude et c'est des algorithmes, c'est pas fait à la main et du coup ils vont pas supprimer le morceau, ils vont juste nous le signaler et nous on va l'éjecter de nos algorithmes. Et en effet ça arrive beaucoup dans le rap. Ils apparaissent plus et on va même pas les payer, les vrai streams vont être comptés et les faux non, ils ne sont pas comptés dans la balance et tu ne seras pas payé pour cela. »

²⁰ Original transcription, L : “ Aujourd’hui un album qui se lance sans achat de stream, c'est quasi plus possible. Ça peut être amené à faire partie de certaines stratégies de lancement mais pas au niveau des maisons de disques. Une maison de disques n'achètera jamais en son nom des streams. Maintenant, tout le monde est au courant de ce truc et surtout les maisons de disques, elles ont envie de se battre sur un pied d'égalité avec les autres. Donc à partir du moment où il y en a un qui commence à tricher, c'est aussi un effet de Domino où tout le monde se met à tricher. »

On the other hand, based on our four interviews with individuals working as managers or heads of independent artists/labels, none of them mentioned engaging in the practice of buying fake streams. The main reasons cited for not participating in such activities were the fear of being caught and the focus on long-term artist development. In two interviews, individuals expressed a refusal to buy streams in order to uphold integrity and take pride in their work. The notion that purchasing streams distorts data was a recurring theme in all interviews that touched upon the topic of fake streams. R provided an explanation of the vicious cycle associated with this practice:

It's a vicious circle because if there are 2'000'000 streams people will think it's not much and won't listen. If there are 20'000'000 streams they'll think I have to listen because everyone is listening and in truth, what is the share of real listening in the 20 million streams, it's hard to say so sometimes we fight with unequal weapons.²¹

Another significant impact of datafication is the widespread use of algorithms and recommender services by streaming platforms. The coding unit “algorithm” which also includes recommender services had 29 occurrences over 5 interviews. These tools are specifically designed to enhance user engagement and retention as discussed earlier. Competition is fierce both among streaming platforms and within them. This is shown by the 10 occurrences of the coding unit relative to competition between streaming services.

In terms of programming and coding, these platforms exhibit similarities and even share coding techniques during meetups. However, they differentiate themselves through the features they develop and their marketing strategies, as confirmed by our interviews with A and U, who worked for streaming platforms.

In summary, datafication has a deep impact on the market dynamics within and between streaming platforms. When examining the market dynamics within streaming platforms, it is evident that they have facilitated the publishing of music online without significant barriers. This accessibility enables artists to reach a wider audience, and once an artist establishes a profile on a streaming platform, they gain access to valuable data that can push forward their career. This level of accessibility and data availability was unthinkable just a few years ago and has undoubtedly contributed to an increase in market concentration within the industry.

²¹ Original transcript, R : « C'est un cercle vicieux parce que si il y a 2'000'000 stream les gens vont se dire que c'est pas beaucoup et vont pas écouter. Si y a 20'000'000 streams ils vont se dire faut que j'écoute parce que tout le monde écoute et en vérité, quelle est la part de vrai écoute dans les 20 millions de stream, c'est dur à dire donc parfois on se bat à armes inégales. »

Regarding the market dynamics between streaming platforms, there are significant indirect network effects that contribute to market concentration, as highlighted by Haucap & Stühmeir (2016). Furthermore, the scope for platform differentiation is low, which intensifies competition, while the multi-homing capacity is also limited due to the similarity of offerings and high switching costs.

5. Conclusion

The advent of the digital environment has had several impacts on our daily lives. The platformization of the economy has changed the way we consume and interact, resulting in shifts in market dynamics. In the music industry, prior to digitalization, there was a strong oligopoly controlled by major labels, driving the music market. Accessing niche music was challenging as the search cost was high. However, nowadays, accessibility is no longer an issue, and every music genre is available worldwide. In this research, we aimed to understand how independent music labels cope with this new digital environment.

One of our results is that there is a desire from independent labels to differentiate from majors by emphasizing on the quality of music proposed and creating a strong identity. This identity is established in being aligned with values of artistic freedom and introducing something uniqueness to the market. There are various settings and strategies for independent labels and artists. The interviews indicated that nowadays artists often create their own structures to produce their music and subsequently secure distribution agreements with majors, distributors, or larger independent labels.

As production costs have dropped, distribution channel selection plays a key role in the industry. Depending on who is in charge of distribution, different opportunities may arise. The gatekeeping lies in the ability to reach the right audience. Platforms themselves are not gatekeepers, as anyone can easily post their music. Gatekeeping mechanisms operate at various levels in the industry but have also shifted from production to distribution. Majors have lost some of their gatekeeping power as they are not as powerful as before, and many successful careers have been built without their involvement, especially in the hip-hop scene. However, majors still benefit from having larger catalogues on streaming platforms, which give them stronger bargaining power when negotiating agreements with those platforms.

Given the situation, independent labels do not focus solely on streaming but also on live music. Concerts enable them to generate income but, more importantly, they provide an opportunity to be heard by an audience, complementing the streaming aspect. Additionally, the industry is undermined by fake streams, and live performances serve as a means to gauge the true worth of an artist.

The primary problem with buying fake streams is that it creates artificially inflated figures that are impossible to achieve without cheating. Although it can be challenging to detect fake streams, especially when an artist already has a substantial number of streams, streaming platforms attempt to implement measures to address this issue.

Individuals working for independent labels need to possess a wide range of skills, including management, data analysis, and marketing to navigate the new digital environment. Despite the increasing digitalization, networking continues to play a crucial role. From our perspective, an independent label with a strong network is just as competitive as a major label, especially in the hip-hop scene where independence is recognized as a strength.

Streaming platforms have features primarily used by independent labels, such as the Discovery Mode on Spotify. These features enable them to get more streams, but they lower their remuneration. The accessibility of certain playlists is still a significant factor in gaining recognition from both the streaming platforms and the listeners, although it does not generate as many streams as before.

The emergence of algorithmic recommender services and algorithmic playlists appears to bring more diversity to listeners. However, it depends on the streaming services. For example, on Spotify, recommendation services are biased depending on the agreements, while on Deezer, they are purely mathematical. In general, algorithmic curation is fairer, but it depends on how it is operated. We argue that it could be beneficial for the entire industry to have more transparency regarding biased algorithms and their operations, as they influence music consumption.

Furthermore, streaming implies market fragmentation, which is advantageous for independent labels to find their niche market and grow from there.

The new digital environment might be favorable for independent labels, but there are still power dynamics between each actor that have shifted rather than disappeared. Moreover, not only in the music industry but also in general, people are looking to consume quality

content, and the uniqueness offered by independent labels is a strong advantage in an increasingly uniform world.

To conclude, independent labels deal with the new digital environment by having strategies of differentiation and focusing their strategies on other aspects of the music rather than the streaming as they do not have the financial and bargaining power of the majors. Moreover, it seems like majors have lost their key role of managing the entry on the market in the music industry and even on streaming services features are developed to put forward independent labels. From our perspective even if there remains disparities between majors and independent labels, we are in a period where these disparities are the lowest. Digitalization enhances artists and labels to compete in a “fairer” way by making music more accessible to both the artists and the audience.

Through this thesis we looked at the impact of digitalization for independent labels in the French hip-hop scene. Following the development of AI, the music industry is facing new challenges opening the way to further academic researches.

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Appendix A: Interview Guide

1. Introduce yourself and your label, how many artists, what style, since when?
2. How do you measure the success of your artists? Do you have a medium/long-term strategy? What statistics/indicators of success do you use to evaluate your strategies?
3. What tools do you use to identify and target your audience? How do you obtain the necessary data (from platforms or otherwise)?
4. How do you make your label stand out? How do you compete with the marketing and promotional resources of the Majors?
5. How do you reach your audience?
6. Do streaming platforms allow you to reach a larger audience?
7. Do you have a specific strategy for all online tools (rs/streaming)?
8. What impact do recommendation/playlist services have on your label? How can you, as an independent label, access the "big" playlists?
9. How do you see the future?²²

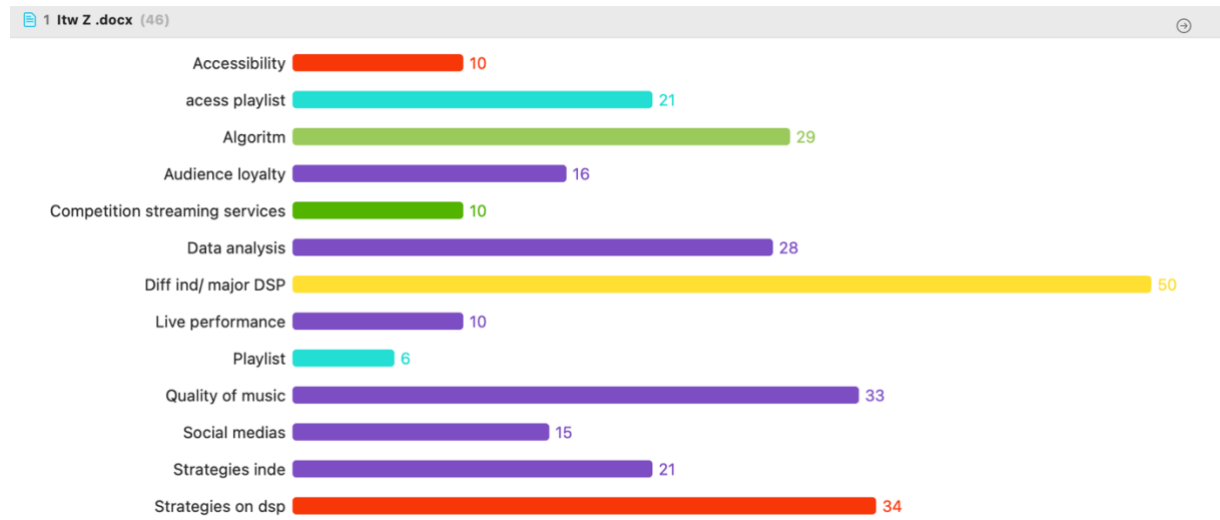
As we conducted semi structured interviews, in some interviews we added some questions or edited some others to be coherent with the position of the interviewee.

²²

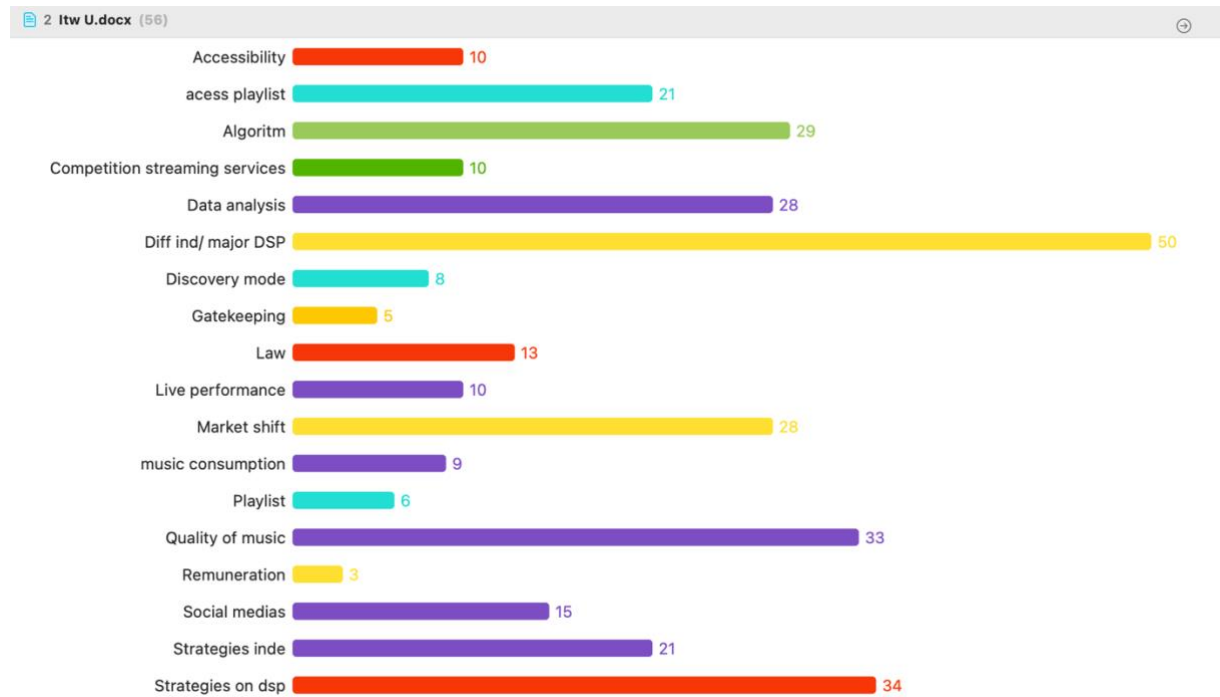
1. Présente-toi et ton label, combien d'artistes, quel style, depuis quand ?
2. Comment tu mesures le succès de tes artistes ? Est-ce que t'as une stratégie à moyen/ long terme ? Quelles statistiques/ indicateurs de succès t'utilise pour évaluer tes stratégies ?
3. Quels outils tu utilises pour identifier et cibler votre audience ? Comment tu obtiens les data nécessaires (que celle des plateformes ou autres) ?
4. Comment tu fais pour que ton label se démarque ? Comment rivaliser avec les ressources marketing et promotionnelles des Majors ?
5. Comment tu fais pour atteindre votre audience ?
6. Est-ce que les plateformes de streaming vous permettent d'atteindre une plus grande audience ?
7. Est-ce que vous avez une stratégie particulière pour tous les outils online (rs/ streaming) ?
8. Quel est l'impact des services de recommandations/ playlists sur ton label ? Comment en tant que label indépendant tu peux accéder aux « grandes » playlists ?
9. Comment tu envisages la suite ?

Appendix B: Coding per interview

Interview Z

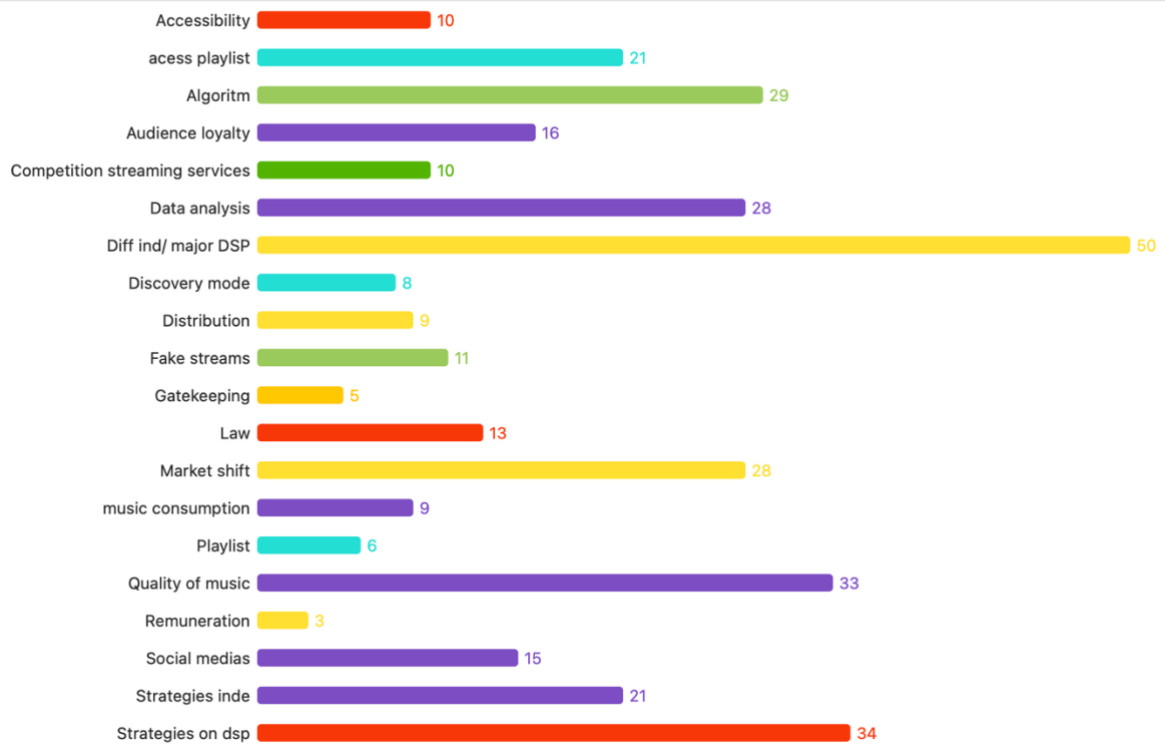


Interview U



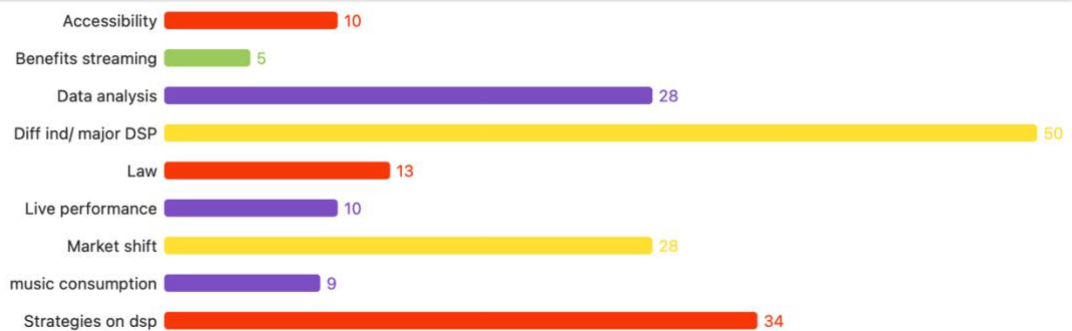
Interview L

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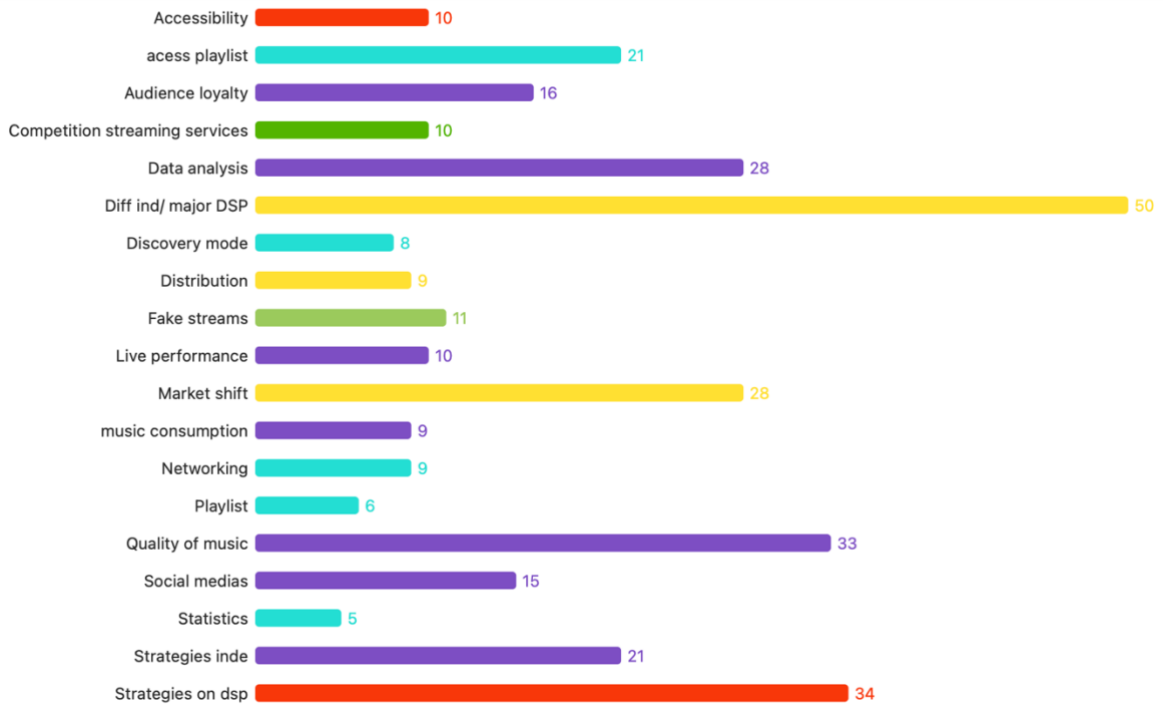
Interview M

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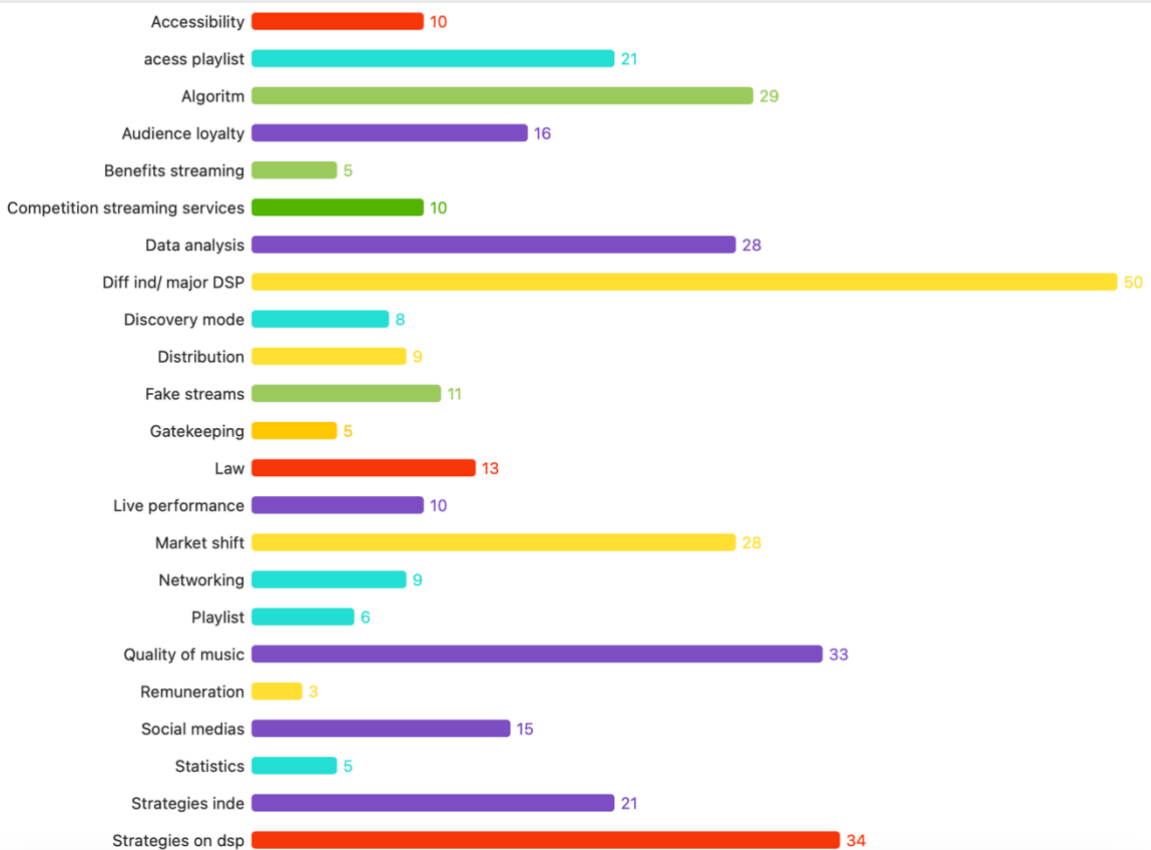
Interview R

5 Interview R.docx (42)



Interview H

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Interview A

