

RIP or Revolution for Music?: How NFT's Could Redefine Value in the Contemporary Music Industry

A Qualitative Study through Semi-Structured In-Depth Interviews

Student Name: Noa op 't Ende

Student Number: 525050

Supervisor: Dr. Sven-Ove Horst

Master Media & Creative Industries

Erasmus School of History, Culture and Communication

Erasmus University Rotterdam

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ABSTRACT

Our creative industries have become the most important markets of the global economy over the past years, in which (media) entrepreneurs are developing into crucial actors. One of the biggest creative markets increasingly investing in independence and entrepreneurship is the music industry, making up for a large part of the global economy – primarily through digitalization of music. And after streaming services like Spotify, non-fungible tokens (NFTs) are the next innovation we need to prepare for. Despite NFTs' novelty, music artists are starting to invest in the technology as a new, decentralized mode of music distribution. From *Kings of Leon* to *the Chainsmokers*, selling music through NFTs is slowly becoming recognized as a promising advancement entering this market. Early indications show it is especially attractive to industry entrepreneurs. But what specific value does it hold for them in the supply- and value chain, also with respect to other core stakeholders in the industry: the consumers and artists? The central research question is: *'What potential value could the integration of NFTs into the music industry offer various stakeholders in the industry value chain, including (media) entrepreneurs?'* The methodology used to accurately assess this research question is qualitative, thematic analysis of semi-structured in-depth interviews with music industry stakeholders. After careful, back-and-forth analysis and in consideration of the extensive theoretical foundation of relevant literature, four main themes of potential value of NFTs for the music industry were obtained: 1) an enhanced music-experience, 2) the renewed sense of autonomy, 3) the fostering of shifting industry dynamics, nuanced by 4) threats to potential NFT value. The research found that whilst NFTs offer meaningful new negotiations of value through exclusivity and disintermediation, the integration of NFTs will likely co-exist as an extra tool within the contemporary value chain. Still, the technology offers multi-faceted, meaningful opportunities for (media) entrepreneurship, especially defined by value co-creation. However, future research would benefit from analyzing how these potential values could be different across various music subcultures, which is also interesting to investigate once there is more general knowledge on blockchain and the NFT technology.

KEYWORDS: Non-fungible tokens (NFT's), Music Industry, (Media) Entrepreneurship, (Technological) Innovation, Value co-creation

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Preface

“I could’ve expected this.” This is all I have been able to think throughout the final weeks of writing this master’s thesis. For as long as I can remember, I have always challenged myself to dive deeper and find new opportunities to learn. Often, in spite of my own mental sanity. And this journey was no different. Having consciously chosen a subject for which I had to educate myself mainly, has made my last effort as a student extremely hard, but even more rewarding in the process. Because ‘oh my god’, am I proud of what this thesis has turned out to be! Despite the stress and many instances of self-doubt, it has been one of the most educational parts of my time at EUR. Thirteen hours of in-depth interviews and weeks of crunching my brain over this topic have produced this rich thesis, which I could’ve never done alone.

Firstly, I want to thank my supervisor: Dr. Sven-Ove Horst. Having had the pleasure to follow several of his courses throughout my academic career, I knew his guidance in this research would be extremely valuable – both academically and personally. And his pep-talks, support, and educational conversations are proof of this. But most importantly, the flexibility and freedom he gave me to make this master’s thesis my own learning curve has really made this final research the cherry on top of my academic journey. That being said, I want to say thank you so much for being such a good supervisor and professor to me! I am proud of this research, which I could not have done without you.

But as this also marks the end of my journey as a student, I want to take the opportunity to also thank my loved ones, my parents in particular. Having helped me through this educational journey with lots of love, endless conversations, and sometimes the motivational kick in the butt, I continuously realise how important they have been throughout these academic years. *Dankjewel, papa & mama*. Additionally, I want to thank Erasmus University Rotterdam and the ESHCC department for giving me an unforgettable student experience (in the best city ever) and taking care of me these past 5 years – to help me flourish into the ‘academic weapon’ I am today. And lastly, I would like to especially thank everyone who took the time to participate in this study. Obviously, this research would have not been as meaningful without you, and I had a great time learning from and with all of you.

The time of learning as a student hereby comes to an end (for now), which feels bittersweet. But stronger than that feeling is the urge and excitement to step into the world and learn even further from different perspectives. As my parents once said: ‘Show the world how great you are.’ And now, I know I’m finally ready for that.

Have fun (and good luck) reading!



1. Introduction

1.1 Context of research

“These future technologies will transform how we engage with our favorite artists and musicians, giving us more immersive entertainment experiences and new ways of consuming art. It will alter creative industries forever.” (Marr, 2023). The fields of the creative industries have been reshaping dynamically over the past years. Various fields within the creative economy have been developing and growing immensely, to the point of potentially threatening to devour the real economy (Bogachev, 2023). According to various experts, this change is largely due to the rise of digital services (Bogachev, 2023; Economics Observatory, 2024). One of the (or perhaps the first) most sensitive creative sectors to these innovations is the music industry. With the emergence of the internet, streaming services revolutionizing consumption (and production), to generative AI today – the music industry is subject to continuous shifts and urged to openly innovate their business models accordingly. But through these changes, the industry continues to grow immensely (Pham, 2023). With a current estimated worth of over \$20 billion, the industry is developing beyond limits. And nowadays, in the face of web3 and the metaverse, music is expanding to include non-fungible tokens (NFTs) (Pham, 2023). And judging from past experiences with technological innovations, we are all going to have to deal with this integration - from producer to consumer.

There is still a lot of uncertainty and unknownst around blockchain and NFTs in the creative industries, but especially its positioning in the music industry. Some (music) artists have already chosen to invest in the technology, like Grimes selling her digital music through NFTs for millions (Kastrenakes, 2021) or the Chainsmokers dividing part of their albums royalties across fans (Bain, 2022). Increasingly more and bigger artists are taking this route, but how is it actually different from music distribution as we know it? Non-fungible tokens (NFTs) are quite literally unique, irreplaceable blockchain tokens (Conti, 2023). Art, music, video's, or in-game items are just a few ways in which this digital asset can take shape – making it a promising tool for the future of our creative industries. They have been around since 2014 (Conti, 2023), but 2021 is the year this innovation took off (Fatemi, 2022). As numerous experts pose currently (Fatemi, 2022; Pham, 2023; Marr, 2023) NFTs are also redefining our current music industry, approaching the notions of ownership, monetization, and fan engagement in a new way (Pham, 2023). But what potential does this innovation hold for the music industry – and everyone involved? Some experts think NFTs are just a temporary wave coming over the creative industries, others believe the technology is here to

stay. That is why researching this topic with first-hand empirical data from different angles with relevant participants (the consumers, the artists, and industry entrepreneurs) is important.

The research question:

What potential value could the integration of NFTs into the music industry offer various stakeholders in the industry value chain, including (media) entrepreneurs?

1.2 Relevance

Taking apart this research question, the interplay of the key concepts embedded make a unique topic of study that is becoming increasingly relevant to investigate - both for society and within the academic scope.

As argued before, NFTs are anticipated to change our current creative industries significantly (Marr, 2023). But society is no stranger to reshaping through technological advancements, of which artificial intelligence (AI) and blockchain technology have been at the forefront over the past years. From personal lives to professional careers, from micro-level changes to macro-level revolutions, the art world specifically is subject to change through its space for innovation, creativity, and transformation (Observer, 2023). Obviously, the music industry is a massive part of this, and perhaps the most sensitive or reliant on digital transformations. And though the industry tends to resist these revolutions at first (i.e., Napster) they have never been able to keep out innovations permanently. Especially when the audience is adapting to the new technologies daily. Early indicators of NFT integration in the industry already show some potentials for shifts within the music industry value chain, with some expecting the record industry to become less necessary through increasing artistic independency (Castillo, 2021). Experts say NFTs have the potential to disrupt a wide array of industries, with the expectation that the technology will be especially transformative in shaping the future of music (Fatemi, 2022). Hence, it is insightful for audience members to get a sense of how NFTs could change their music consumption habits, and if this is a desirable innovation or not. And through this, it is useful for core music industry stakeholders (and entrepreneurs especially) to see where the industry is headed in the face of the NFT revolution, to grasp where they can position themselves herein, and how they could make this valuable to these audience members.

Though NFTs are developing rapidly and taking up more territory daily, we are still

speaking of a young, relatively unexplored advancement – especially in relation to the expected fields it will be influential in. Research on NFTs up until now has mainly centered around evaluation of the blockchain technology (Wang et al., 2021), its economics (Borri et al., 2022), its opportunities and challenges (Valeonti et al., 2021), and what it means for (virtual) art (Trautman, 2021). However, its positioning and potential influence on the global music industry and market is a shift only grasped at by industry experts rather than academia. And judging from these expert opinions, it is a topic of conversation becoming increasingly harder to avoid for the music industry. Especially now that our contemporary music industry is dealing with revolutionizing shifts through technology, it is crucial to academically approach this case amidst the shift whilst implementation of these advancements is still taking shape. As further posed in NFT research by Chalmers (2022), prospects of NFTs also show value in other potentialities promoted through NFT technology, especially in the realm of creative industry entrepreneurship, which has been becoming increasingly relevant in both academia and the global economy (Hoag, 2008). Hence, pursuing this area of research for one of the most significant sectors within the creative industries will contribute to the contemporary academic scope.

Considering this current gap in the academic field against expert predictions about the future of the music market through NFTs, the topic at the core of this research project is highly relevant to be developed more extensively. Exploring the research question from multiple perspectives in the value chain (Antal, 2022), this project will focus on 1) audience level, 2) artist level, and 3) startup/entrepreneurial level (i.e., emerging music professionals), of which each level is exposed to different topics of discussion that are specifically relevant to them and their position in the music industry (See Figure 1). The relation between, as well as the separate arguments made for these levels will provide a mutually-supportive framework useful in practice.

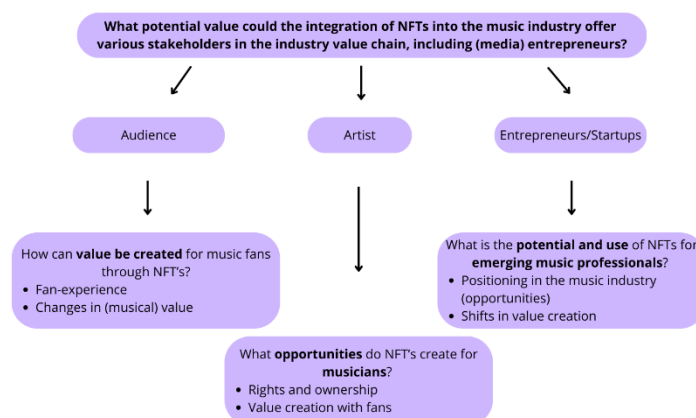


Figure 1: Visualization of research framework.

2. Theoretical Framework

Clear by the introduction to this research project, NFT's and their integration in the creative industries (especially the music industry) is relatively novel and convoluted at times, making it necessary to frame this phenomenon with relevant concepts that allow understanding, describing and evaluating this evolving context and create relevant results for more research to come. Based on the research question, the study uses four main theoretical concepts. Through defining (media) entrepreneurship in the creative industries, and by using the knowledge on innovation to implement technology and NFTs in the context of entrepreneurial activity in the music industry, this framework offers a fundamental starting point to the research and interviews.

2.1 (Media) Entrepreneurship

2.1.1 Conceptualizing entrepreneurship

“In an ever-changing media landscape, opportunities for entrepreneurs to promote their brand and their values are in abundance” (Coleman, 2024). Perhaps in contemporary society more than ever, people are increasingly choosing to invest in entrepreneurship. Because it remains debated on how to define entrepreneurship, this study fuses the most relevant conceptual elements from the field of entrepreneurship into a theoretical frame that fits this study best. The concept of entrepreneurship is used for various activities that are characterized as proactive and venturesome behaviors (Obschonka, 2014). Entrepreneurs anticipate opportunities, fill in gaps in existing markets, take up uncertain investments with its consequences, and play a key part in furthering economic growth with innovative contributions (Stam et al., 2012). Often, entrepreneurial activities result in establishment of new organizations, or the revitalization of already established organizations through new opportunities (Khajeheian, 2012). Within entrepreneurship, there is no correct procedure in terms of routine application of a standard rule (Peneder, 2009) - which also makes entrepreneurship extremely personal and dependent on the identity of the entrepreneur. Especially when speaking of the early stages of establishing new ventures, creating entrepreneurial identity is important for achieving legitimacy, belonging, and positively standing out from others (Radu-Lefebvre et al., 2021), which makes this particularly relevant in this study of NFTs as a new entrepreneurial venture.

Contemporarily, entrepreneurship has a unique position through its intimate interconnectedness with considerable, macro-level changes like globalization, technological progress, deregulation of the labor market, and increasing individualization (Obschonka,

2014). The global economy today greatly relies on the efforts of entrepreneurs, because free enterprises are seen as a strong force that drives economic development nowadays (Frederick et al., 2018). Entrepreneurial thinking and behavior are therefore increasingly promoted to battle demanding and competitive environments (Finn, 2021), as early-stage and newly forming companies can act more swiftly and might be able to tackle new issues better than established organizations. This is also confirmed by Handayani Tyas and Naibaho (2019), who describe that early creative and innovative entrepreneurship learning are important for companies and organizations to stay competitive in the industrial revolution era 4.0, characterized by developments like artificial intelligence or supercomputers. These developments shift traditional power dynamics in existing markets towards including self-sufficient individuals and co-creators.

2.1.2 (Media) entrepreneurship in the creative industries

Entrepreneurship in creative industries encompasses the process of creating and realizing new value in the market by identifying contradictions or introducing new value systems (McIntyre et al., 2023). Entrepreneurship causes innovation, and it has perhaps proven to be the core source of economic growth and development (Hoag, 2008), moving global business forward (Frederick et al., 2018). Within entrepreneurial activity, key characteristics like creation, innovation, and new ways of thinking are similarly critical when building media business success (Hang & Weezel, 2015). Entrepreneurship impacts media industries significantly when they fall into the culture and creative industries. But on the other hand, media also play an important role influencing entrepreneurship through encouraging entrepreneurial values and images by promoting and fostering an entrepreneurial mindset in society (Hang & Weezel, 2015). Entrepreneurship and media as two concepts go hand-in-hand and have a reciprocal effect on one another. Entrepreneurship effects media business and media plays a vital role in influencing entrepreneurship (Hang, 2018) making media management more entrepreneurial (Will et al., 2016). As also argued by Khajeheian (2012), media plays an important role in influencing the entrepreneurship phenomenon, by establishing a discourse that communicates values and images ascribed to entrepreneurship, by providing a career promoting entrepreneurial practices, and through promoting entrepreneurial spirit in society.

Within our contemporary society, technological innovation is the driving force enabling entrepreneurial activity (Finn, 2021) – especially for creative entrepreneurship. Digital media are increasingly determining in how entrepreneurs construct their business

practices (Horst & Hitters, 2020), reevaluating the concept of entrepreneurship. Media entrepreneurship focuses on describing processes, practices and organizational strategies for the creation and ownership of new ventures whose activity adds an independent voice or innovation to the media marketplace” (Hoag, 2008; Khajeheian, 2011). It takes the entrepreneurship phenomenon one step further, highlighting the independent voices in the marketplace as what sets it apart. Media, and these independent voices, are crucial in democratization, giving way to multiple efforts and voices fairly. Additionally, as opposed to general entrepreneurship, media entrepreneurship recognizes independent voices who aim to add value to society – whether this is for-profit or not (Hoag, 2008). It makes the entrepreneurship phenomenon more meaningful and all-encompassing of entrepreneurial efforts.

Hoag (2008) highlights this importance of entrepreneurship in media, by also addressing the diversity-ownership issue and arguing how fostering entrepreneurial activity promotes diversity, innovation, and quality in the media industry. It proves how crucial media entrepreneurs are growing to become in our (creative) society, which is supported by the high degree of media entrepreneurship reported across all media sectors in recent years (Hoag, 2008). Media entrepreneurship in the digital society highlights the entrepreneurial efforts of all individual voices in the marketplace, which are multiplying fast.

In the context of NFTs, these media entrepreneurship potentials of independent voices and the fostering of democracy are amplified. NFTs could offer a unique tool to media entrepreneurs for the promoting creative, independent work. Because decentralization and disintermediation are important within the NFT technology, media entrepreneurship and the independent voice are key actors in this context. Defining NFTs as the new technological innovation in the media marketplace, it is interesting to see what it could mean specifically for media entrepreneurs.

One of the industries that is highly influenced by the shifting of market dynamics towards entrepreneurial ventures is the music industry (Fountain, 2021).

2.2 Contemporary Music Industry Dynamics

From MP3 to Napster, from iTunes to Spotify, innovations from the digital world have always found their way into the music industry. And having always been highly reliant on technological innovations in society, the music industry is also subject to continuous shifts in its value chain (Benner & Waldfogel, 2016). What this means for the contemporary industry, and how an even newer technology – namely (programmable) blockchains and

specifically NFTs – will add opportunities for value creation and may shift power dynamics even more, will be the focus of this study.

2.2.1 Changes in the music industry value chain

Traditionally, the music industry has been primarily made up by two types of organizations occupying different strategic positions in the market and dominating the industry value chain: 1) the major record labels, and 2) diverse independent labels (Benner & Waldfogel, 2016). Especially major record labels have a monopoly over the global music market, in which the creators (e.g., artists and producers) are at the bottom of the ladder (Oliver, 2023). But with the appearance of digital music, the sector and consumption habits were redesigned to fit the changing technological society (Chaney, 2012). Recorded music is now dematerialized, and drastically reshaped distribution and the music value chain (Bourreau & Gensollen, 2006). The digital music industry value chain contains additional supply links that more directly distribute music to the consumer (See Figures 2 & 3), presenting opportunities to adopt an independent, entrepreneurial approach without the traditional help from record labels (Bockstedt et al., 2006). Consumers are becoming more actively involved in the chain through co-creation and peer-to-peer sharing, the traditional industry has evolved to address the needs of core actors and consumers more effectively (Hadida & Paris, 2014), and music distribution has quickly become dominated by streaming services like Spotify and Apple Music (Wlömert & Papies, 2016).

In this, consumers co-creating and becoming part of the chain translates to the broader phenomenon of value co-creation. To illustrate, companies and customers actively interact to collaboratively produce material and symbolic value for a product or service (Galvagno & Dalli, 2014). Many industries shift to co-creation processes, in which the (popular) music industry is taking active part (Choi & Burnes, 2013). This value co-creation of music is promoting important transformations in the relationship between consumers and producers, and reinventing more positive, new relationships among fans, artists, and labels additionally (Choi & Burnes, 2013).

This development of the music industry into an accessible field of (value) co-creation for consumers and artists has caused diverse ventures for entrepreneurial activity to open up to a broader audience as well. As also said by Ganeva (2012), the music industry is an entrepreneurial-venturing process, leveraging resources to support activities of those interested in popular music creation (Ganeva, 2012). But exactly what do these shifts in the value chain mean for entrepreneurs in the industry?

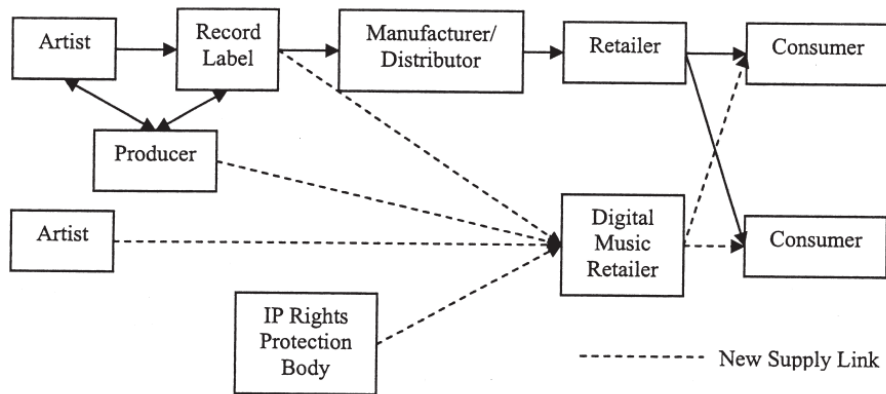


Figure 2: Industry Market Structure in the Digital Music Industry as illustrated by Bockstedt et al. (2006).

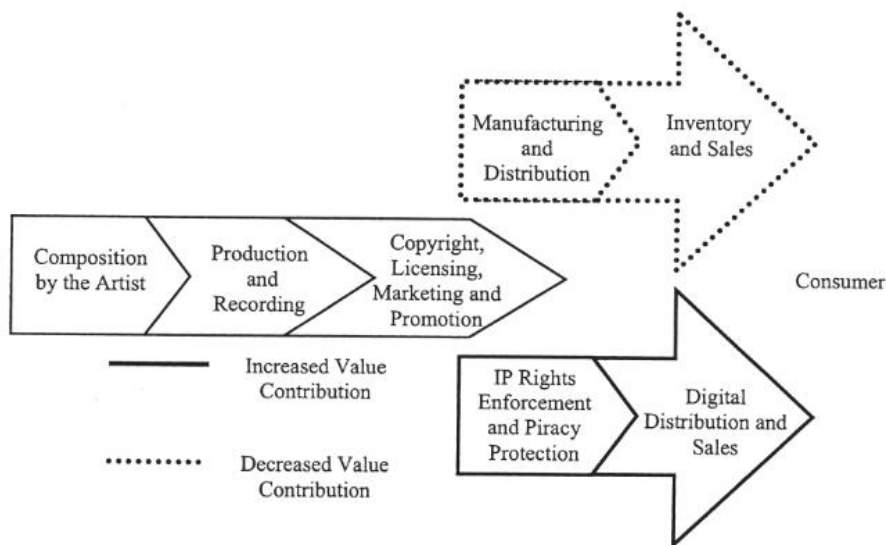


Figure 3: Value Chain in the Digital Music Industry as illustrated by Bockstedt et al. (2006).

2.2.2 Effects for entrepreneurs

Consequently, major, established organizations in the industry are facing potential ruin, as music distribution and promotion has become more accessible than ever (Rogers, 2013) - promoting artists and creators to become self-sufficient. This has eroded firms' abilities to generate revenues (Benner & Waldfoegel, 2016), as digital technologies have lowered barriers of market entry (Guichardaz et al., 2019). Interestingly, and contrary to expectations that major record labels might become obsolete, market indicators prove that so-called 'Majors' have not lost their power. We can observe that lower barriers of access for (aspiring) artists make it significantly more difficult to obtain an audience within a mass of

new creators appearing daily. Hence, record labels as the core intermediary between artist and consumer stay relevant for music to gain traction amongst a larger audience (Mariuzzo & Ormosi, 2022). Musical output under major labels is still most popular on the streaming services in comparison to independent labels, and the access these industry giants have to the curated playlists on these platforms is disproportionate (Mariuzzo & Ormosi, 2022). And whilst entrepreneurs have successfully created “new ventures and industries” for some music subcultures such as hip-hop, these conclusions also come with the sidenote that the amount of entrepreneurs remaining in the industry is little (Edmondson, 2008). However, the opportunities created through these efforts are still not to be ignored, as established organizations are increasingly recognizing entrepreneurial efforts (Edmondson, 2008). But if entrepreneurial activities could ever exist without the involvement of established firms in the contemporary music industry is a topic still up for debate - which leads into the next topic of discussion.

It is an interesting implication to analyze this historical dynamic of the industry, and how different actors responded to the changes. Especially when looking towards the prospective potential of a new technology like NFTs, it is meaningful to compare past experiences to the conclusions of this study.

2.3 Entrepreneurship in the Music Industry

2.3.1 The transition to entrepreneurial activity in the music industry

Though the music industry’s power dynamics and value chain have always been largely dominated by big conglomerates like the major record labels and giant streaming services, the current state of the creative industries particularly provide grounds for entrepreneurial activity. Nowadays, through digitalization and the rise of social media, consumers develop into active participants and aspiring artists - as the opportunities for people to grow into self-sufficient creators are more available and widespread than ever. Terms like ‘arts’, ‘cultural’, and ‘creative entrepreneur’ are becoming inseparably intertwined (Hausmann & Heinze, 2016), and entrepreneurship in creative industries is a topic of increasing relevance for the modern economy (McKelvey & Lassen, 2018). Artists in the creative industries especially continuously engage with entrepreneurial activities, as they constantly invest in seeking out opportunities for creative production (Klerk, 2014). This creative environment is reliant on collaboration and working together, adding value by facilitating the organization of work in a way that is more inclusive and focused on creative efficiency (Klerk, 2014). However, a recurring theme when discussing entrepreneurship in

creative industries is the tension or conflict between aesthetic production and marketing and management in the contemporary economy, translating to a conflict of entrepreneurship on the one hand, and creativity on the other (Schulte-Holthaus, 2018). However, when looking at the music industry as part of the creative industries, there has been a dominant shift towards more independent, entrepreneurial activities in music production - which increased creative output significantly (Walzer, 2016). And as this capital of shared music, business, and technology is steadily growing, independent artists have the potential to develop themselves into small-business owners (Walzer, 2016).

“In the 21st century, to be a musician is to be an entrepreneur” (Coleman, 2018). The growing sense of entrepreneurship is expanding to many more (media) industries nowadays. As posed by Walzer (2016) in his research on creative entrepreneurship influence on music industry practices, he suggests that the contemporary music industry is subject to a shifting paradigm. Traditionally dominant recording-studios continuously change their business models to stay relevant in an ever-changing, technology-driven industry (Walzer, 2016). But as these business models shift, these new opportunities and reinvented models urge opportunistic music entrepreneurs to simultaneously invest in innovation. Some traditional studios demise, promoting desire for the rise of confident, self-sufficient, proactive music entrepreneurs/creators in the industry. These artist entrepreneurs are choosing to vertically integrate along the value creation chain and take over roles in this chain which were occupied by other actors previously - interfering in the traditional arrangements the industry knows (Peltz, 2011). Artists traditionally did not have the capacity to self-promote, for which there was an urgent need for intermediaries like record labels or distributors to take on this task (Peltz, 2011). But as knowledge on production and promotion methodologies is becoming readily available, music entrepreneurship has room and grounds to grow (Walzer, 2016). It offers a welcoming solution to historically strong conflicts of interest artists had with their ‘middlemen’ about creative freedom, artistic rights, and division of finances (Peltz, 2011).

2.4.2 The influence of technological innovations

A driving force behind this development of entrepreneurial growth are technological innovations that have been transforming music industry production and consumption (Lerch, 2018). Independent music production generates a wealth of creative work and opportunities for entrepreneurship, and independent producers are able to refine their recording and promotion skills independently through own, personal want and dedication to connect with a global audience (Walzer, 2016). New digital tools enable ambitious music entrepreneurs to

become successful without big music organizations, allowing them to communicate and sell directly to fans through ‘direct to fan’ platforms (Haynes & Marshall, 2017). Advances in recording and reproduction quality, optimized music distribution through digital platforms, and changes in consumers’ listening behaviors all contribute to this entrepreneurial activity (Walzer, 2016). Even though it is difficult predicting the exact changes to the industry in the future (Lerch, 2018), relevant market participants, many of whom are entrepreneurs, are preparing to include these technological advancements in their business models (Yellowbrick, 2023).

Despite all these new tools and opportunities for aspiring independent artists, budgetary constraints remain unchanged in the face of this development (Walzer, 2016). Even though independent artists can produce high-quality sound, function independently, and generate profits without major labels stepping in as the middle-men, this success is expected to remain merely modest (Walzer, 2016).

This is why focusing on better understanding the opportunities for value creation is key, because they will provide an entirely new platform for independent music distribution. Whether this technology is or will be beneficial to independent/entrepreneurial artists, becomes an important aspect of study.

2.4 Managing technology and innovation

2.4.1 Conceptualization and application of technology and innovation

The concepts of technology and innovation in the creative industries have become inseparable nowadays. Digitalization as a concept is a dominant recurring theme within academic research on topics like innovation and entrepreneurship over the last few years (Appio et al., 2021). Managing technological change involves adapting to the rapid evolution of digital technologies and leveraging them to drive innovation and competitive advantage. Henfridsson and colleagues (2014) investigate managerial implications for technological change, using architectural frames to structurally approach this. They suggest organizations to prioritize flexibility to respond rapidly to technological advancements, by which they also need to embrace digital transformations to create new business models. In this however, it is crucial for organizations to align their initiatives with their overall business strategy (Henfridsson et al., 2014). This harnessing of external technologies to be included in the business strategies bolsters innovation processes through the notion of open innovation (Witzeman et al., 2015). Especially in the ever changing media landscape, open innovation provides organizations with access to external expertise, mitigation of risks, and enhancement

of flexibility – as deemed crucial before by Henfridsson and colleagues (2014). Through opening business models to innovate with external partners and resources, organizations can strengthen their capability to innovate and position themselves competitively to stay relevant in a dynamic environment (Witzeman et al., 2015).

2.4.2 Technology and innovation in the creative industries

Throughout academic research, and as confirmed by policymakers, the creative industries are considered to be at the heart of innovation and on the agenda of economic development (Abbasi et al., 2016). But in the wake of the digital revolution, adapting to meet the requirements of the creative industries sector translates to shifting from static to dynamic approaches that are marked by considerable and rapid changes. In today's economy, immaterial value increasingly determines material value, making it even more important to be able to successfully create social- and networking experiences to keep a competitive position in the creative marketplace (Abbasi et al., 2016). Consumers are looking for new and enriching experiences, for which technology is an important tool. And established companies are increasingly utilizing this to create value.

Whilst digital technologies have facilitated notable changes in business models throughout all creative industries sectors, these business models were not novel nor unprecedented (Li, 2015). The technologies simply allow organizations to work in a wider range, because they can apply traditional models to different ranges or stages of products in the online environment. While this may not be revolutionary, it shows the importance of understanding how traditional models are translated to an online environment. This puts the focus on the most effective management of technologies and their affordances.

2.4.3 Managing technology and innovation in the music industry

As the music industry is characterized by an ever-changing environment through technology, these managerial implications for technology and innovation are relevant to the context of this study. CD's, iTunes, illegal music downloading to music streaming services all have in common their disruptive nature for the music industry through digitalization (Rechart, 2019). The industry has often had to adapt its supply- and value chain because of these disruptive innovations, by which most innovations eventually seamlessly integrated into the industry. And over recent years, scholars have highlighted the increasing impact of disruptive innovation due to digital technologies (Urbinati et al., 2019). In research by Urbinati and colleagues (2019), the managerial responses to past disruptive innovations are

analyzed within the global music market to inform potential future responses to (technological) innovations entering the market. Through exploiting internal managerial practices, creating partnerships, and investing in other companies to absorb external knowledge (open innovation), incumbent firms in the industry manage to adapt and largely maintain their position within the global market (Urbinati et al., 2019).

As stated before, this global market contemporarily mainly drives on streaming services acting as vehicles for recorded music distribution - accounting for over 60 percent of the generation of global recorded-music revenues in 2020 (Hagen, 2021). Through this development, the datafication of music has also found its way into the creation and promotion of music (Hagen, 2021) - to which established organizations also adjusted their management. The streaming services work on the basis of an algorithm, which determines how far certain songs go and how many consumers it will reach (Goodrich, 2019) - essentially deciding the market and success of popular music. It affected the relations between industry stakeholders (Hagen, 2021), but additionally changed the value of music drastically. Because artists can now assess the performance of their new releases almost immediately, their work is increasingly modified in response to audience reception (Guion, 2023). These algorithm recommendation systems in the industry remain a topic of discussion, more specifically in light of the risks for potential biases. Hence, service providers and rights holders need to collaborate to address any issues regarding these innovative recommendation systems (Guion, 2023).

Additionally, as similarly concluded by Abbasi et al. (2016), consumer experiences through technology are becoming increasingly important within the music industry. Music has historically always been highly community-driven, acting as a site for networking and social connection (Rabinowitch, 2020). Now that music is becoming increasingly digital and more reliant on co-creation, users' feedback within the online music community influences creators' contributions more positively (Wang & Majeed, 2021). Therefore, interaction/networking with audiences and external actors to co-create valuable output is important (Wang & Majeed, 2021).

2.4.4 Rise of blockchain technologies in the music industry

The management of technology and innovation within the music industry has recently focused on numerous advancements like generative AI, streaming services, or blockchain. Perhaps the most-used technology in the music industry nowadays is streaming, with on-demand streaming platforms like Spotify and Apple Music taking a significant place within

the music industry supply chain (Sitonio & Nucciarelli, 2018). Through this technology, consumers can easily access music products, but it has also caused for certain intermediation between artists and consumers. In turn, this has led to inefficiency of the royalty payments systems, which is where blockchain has been introduced as a useful technological tool to solve this inefficiency. Because it helps with the disintermediation of the industry, artists could create and capture more value from their own products (Sitonio & Nicciarelli, 2018). As discussed previously in research on contemporary music industry dynamics (Bourreau & Gensollen, 2006; Oliver, 2023; Benner & Waldfogel, 2016), the imbalances the industry has been subject to cause for tensions that are slowly growing to be detrimental. Hence, blockchain can potentially save the music industry through revolutionizing rights and royalty process, ensuring the value chain evens-out appropriately (PwC, n.d.).

One of the most promising blockchain technologies which has been growing in popularity is NFTs, being populated by creative industry entrepreneurs (Chalmers et al., 2022). Especially for the future of the music industry, NFTs as a blockchain tool are expected to cause positive, promising shifts in the music industry supply- and value chain.

2.5 The innovation of NFTs

2.5.1 Defining Blockchain

Programmable blockchains – with non-fungible tokens (NFTs) – may usher in a new area of innovation, value creation, and market extension (Chainlink, n.d.). NFT's are unique, digital tokens that exist on a blockchain (Ehrlich, 2023).

Generally, blockchain technology is associated with cryptocurrencies such as Bitcoin (Sarmah, 2018). It is a peer-to-peer electronic cash system that does not require intermediaries (e.g., banks) to operate as the authority (Laurence, 2019), instead being regulated and supervised by a large community of which not one single person has control - also making it impossible for users to change transaction history (Sarmah, 2018). For example, by timestamping the transactions and encrypting them with the sender's sign, thus authorizing only the sending party to transfer the currency (Laurence, 2019). It relies on its decentralized, transparent network for transactions, which are deemed immune to manipulation (Sarmah, 2018; Takahashi, 2017).

2.5.2 Blockchain in the Creative Industries

The blockchain technologies have grown popular to a large audience globally over recent years (Balmer, 2024), slowly integrating into fields like banking, healthcare, and agriculture (Land, 2023; Marshallallen, 2023). But especially for the creative (media) industries, characteristics of this technology show promising, effective innovations. Patrickson (2021) set out what blockchain technologies imply for digital creative industries, which shows an ecosystem that is expected to be particularly disruptive in the face of the web3 revolution (Patrickson, 2021). To the frustration of artists in the creative industries, intermediaries within this revolution insert themselves into the industry value chain increasingly, diminishing the artists' share of and control over their own work (Takahashi, 2017, p. 2). Hence, blockchain as a transparent, person-to-person transaction method offers a promising alternative for the artists, through which they can take back the autonomy of their work and make it more valuable (Takahashi, 2017). Blockchain technology has hyped up the creative industries, urging startups in the media, entertainment and arts fields to attract collaborators to co-create value (Kostovska, 2022). In that sense, blockchain could offer tools for a smoother, more artist-centric environment through specific systems of digital rarity, transparent distribution records, or faster royalty payments (Patrickson, 2021).

2.5.3 Non-Fungible Tokens (NFTs)

NFTs as a part of blockchain are expected to offer similar outcomes for its prospective users, which it carries in its name as a 'non-fungible token'. "Ultimately, the music NFT horizon offers an exciting fusion of technology, creativity and enhanced fan involvement" (Pham, 2023). Valeonti et al. (2021) define NFTs as cryptographically unique, irreplaceable, and verifiable tokens that represent a given asset. Unlike other cryptocurrency tokens, NFTs hold a distinct value and information that sets it apart from other tokens. They are built on smart contracts on layer-1 platforms like Ethereum, Solana, or Cardano and provide a secure and transparent way to track ownership and transfer of these digital assets (Valeonti et al., 2019). Assets can take the shape of digital art, collectibles, virtual real estate, and much more.

NFTs as a new blockchain technology opens new possibilities for creators, collectors, and investors in the digital space (Valeonti et al., 2019). Art in any form (including music) may become more accessible to the consumer and more worthwhile for the artist. To illustrate, NFTs offer artists a monopoly over their artwork through a new sense of ownership and decentralization – making them resistant to censorship and manipulation (Valeonti et al.,

2019). Creators can now take control over their art by selling it directly to the consumer, bypassing traditional intermediaries (e.g., record labels), and monetizing royalties on secondary sales. In-turn, this even creates extra value for the consumers through its embedded exclusiveness (Chalmers et al., 2022).

2.5.4 NFTs in the Music Industry

Using NFTs may create a transformative effect on fan experience (Pham, 2023), and copyright laws for artists (Ingham & Ingham, 2021). With this loss of the intermediaries or ‘middlemen’ in the value chain NFTs provide, artists can regain control over their creative output, and dictate the terms of sale and distribution (Pham, 2023). As explained by Tharun et al. (2023) music artists can protect their copyrights by directly managing their music rights – supporting a fair revenue distribution in extension. Moreover, the blockchain technology also reshapes fan engagement through exclusive experiences and direct communication that can be offered through NFTs, redefining fans as active contributors (Shimron, 2022). The metadata of an NFT can take multiple shapes (Figure 4), such as a song, an album, or even exclusive video content, virtual experiences, exclusive merchandise or concert tickets (Chainlink, n.d.). However, smooth implementation of these advancements in the future is reliant on how (and if) users and media entrepreneurs overcome the managerial challenges they face while adapting to this innovation, and how the dynamic character of NFTs as a blockchain evens out (Pham, 2023).

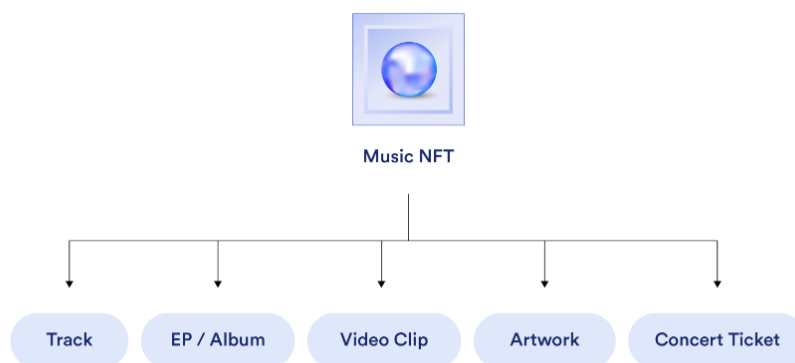


Figure 4: Visualization of how music NFTs can be ascribed to various forms of content through their metadata (Chainlink, n.d.).

2.5.5 Risks of NFTs

Are intermediaries necessary or not? As research shows, while cutting out intermediaries has great benefits for artist autonomy and dominance, there is the question of whether these traditional agents are undeniably necessary - especially when it comes to marketing and artist exposure (Takahashi, 2017). Enhancing trust into the technology, the NFT project, the team, etcetera is only possible if previous problems like wash trading, scams, and rug pulls can be prevented (Diadkov, 2024). NFT's can still be sold and immediately bought by the same party (NFTScan, 2023), and it is a new subject of phishing through fake platforms or sites (*NFT Attacks and Scams: Everything You Need To Know*, n.d.). For part of this, experts highlight the need for regulatory clarity in the use of NFTs (Chernikova, 2023). Up until now, information about NFTs is primarily focused on a niche audience who understand blockchain and dare to take the risk of investment – and have the resources for it additionally. However, a clear, regulatory framework around NFTs that promotes a more user-friendly infrastructure is what is expected to stabilize the NFTs space, propelling the technology towards growth and an increase in users (Chernikova, 2024). Adopting blockchain and NFT's into the industry carries both advantages and disadvantages when looking at the technologies' history (Sarmah, 2018), which additionally pose crucial points of focus within the research for this study.

This framework offers rich grounds to answer the research question from an academically relevant perspective, to add on the current scope. Within this framework, the following concepts and phenomena are focused on to answer the research question (Table 1).

Concept/Phenomenon	Definition	Used sources
(Media) Entrepreneurship	Entrepreneurs anticipate opportunities, fill in gaps in existing markets, take up uncertain investments with its consequences, and play a key part in furthering economic growth with innovative contributions. The activities media entrepreneurs create adds an independent voice to the media marketplace.	(Stam et al., 2012; Hoag, 2008)
Entrepreneurship in Music Industry	Artists in the music industry continuously engage with entrepreneurial activities, and artist entrepreneurs are more active to vertically integrate along the value creation chain - mostly enabled by technological innovations.	(Walzer, 2016; Peltz, 2011; Klerk, 2014)
(Technological) innovations in creative industries	Involves openly adapting to rapid evolution of digital technologies and leveraging them to drive innovation and stay competitive in the creative market. Supported by the co-creation of value.	(Appio et al., 2021; Abbasi et al., 2016).
Value co-creation (in the music industry)	The process of companies and customers actively interacting to collaboratively produce material and symbolic value for a product, service. Consumers in the music industry invest more in co-creation and peer-to-peer sharing to create value, and strengthen industry relationships.	(Hadida & Paris, 2014; Galvagno & Dalli, 2014; Choi & Burnes, 2013)
Blockchain	A peer-to-peer electronic cash system that does not require intermediaries (e.g., banks) to operate as the authority, instead of being regulated and supervised by a large community.	(Laurence, 2019; Sarmah, 2018)
NFTs	Cryptographically unique, irreplaceable, and verifiable tokens that represent a given asset. NFTs hold a distinct value and information that sets it apart from other tokens.	(Valeonti et al., 2022)
NFTs in the music industry	Implementation of NFTs into the music industry eliminates intermediaries and allows for direct distribution of music/experiences from artists to fans.	(Pham, 2023; Tharun et al., 2023)

Table 1: Key concepts/phenomena and their definitions in the theoretical framework.

3. Methodology

3.1 Description of Methods

This research aims to uncover the potential value the integration of NFTs could have for core stakeholders of the music industry value chain through a qualitative methodology. A qualitative approach allows for understanding of the meaning and experiences of people's lives (Fossey et al., 2002), as it lays ground for open meaning-making of information through interdisciplinary and interpretive approaches (Brennen, 2017). It uses a naturalistic approach to understand topics from a real world setting in which the researcher does not attempt to manipulate the phenomenon in question (Golafshani, 2003). This real world setting without manipulation is important for this research design, as findings should be representative for what the researched samples truly perceive from their position in real-life contexts. Moreover, qualitative research methods provide rich descriptions of complex phenomena, tracking unique and unexpected events, and when highlighting the experience of events by parties who have different stakes and roles (Sofaer, 1999). In this research, the opportunities regarding value creation with NFTs is addressed from multiple perspectives (audience, artists, and start-ups) which all hold crucial stakes in this matter – making it fitting to qualitative methodology.

Additionally, blockchain and NFTs in the music industry are relatively under-researched area in academia so far. According to Moriarty (2011), qualitative research has also been proven successful in identifying areas that have not been researched appropriately, making it especially fitting to this project.

To collect the data, in-depth interviews have been conducted. In-depth interviews are one of the main methods of data collection used in qualitative research (Legard et al., 2003). It is one of the most successful methods to get a grasp on people's perceptions. As Denzin (2001) also argued in his perception on interviews, it can be regarded as a vehicle to produce performance texts and performance ethnographies about self and society. As done in this project, where it is aimed to provide practical conclusions about potentials of NFTs for music based on perception of actors from the music industry value chain, interviews provide a freedom of interpretation and sensemaking that is crucial.

3.2 Semi-Structured In-Depth Interviews

Streamlining the interviews but with flexibility and openness called for a semi-structured approach. As with most in-depth interviews, semi-structured interviews are conducted conversationally with one respondent at a time. It however relies on a blend of

closed- and open-ended questions that are often followed-up by explanatory questions - like why or how (Adams, 2015). Semi-structured in-depth interviews make sense when the goal is to grasp the interviewees' unique perspectives, as opposed to obtaining a more general understanding of a phenomenon (Adeoye-Olatunde & Olenik, 2021). The diversity of expert knowledge and personal opinions regarding their own experiences gives a rich understanding of how value in the music industry could shift for each actor in the supply chain.

The interview was planned before, but the focus was on active interviewing with a focus on dialogue and engagement (Alsaawi, 2014) to enable flexibility and autonomy to explore ideas that come up in the course of the interview (Adeoye-Olatunde & Olenik, 2021). As the knowledge on NFTs was expected to still be relatively unbalanced and disordered across the samples, it was crucial to keep interviews open to possible follow-up questions based on the interviewees' knowledge and opinions on the topic.

Within semi-structured interviews, it is important to be informed beforehand and continue to be flexible throughout (Adams, 2015). Open-ended questions allow for follow-ups to grasp the personal train of thoughts of each participant. Additionally, as posed by Adams (2015), when research touches upon largely unfamiliar territory including unknown but potential issues, the interaction between interviewees and the researcher requires maximum latitude. Semi-structured interviews allow most ground for this, finding leads and implications that are useful and worth pursuing (Adams, 2015).

3.3 Sample & Sampling Strategy

One of the defining characteristics of this research is the multi-layered framework to investigate the research topic from various perspectives: 1) the audience level, 2) the artist level, and 3) the music start-up/industry entrepreneur level. The sample of participants is diverse and is thus approached in different ways. For each sample, at least 4 participants were selected and approached for an interview, of which each interview had a duration between 50-90 minutes. While gender, age, and backgrounds were not relevant selection criteria, participants had to be at least 18 years old.

Name	Age	Nationality	Position in industry	Sample
Rosa	22	Dutch	Music fan	<i>Music Consumer</i>
Stella	25	German	Music fan	<i>Music Consumer</i>
Damon	23	Portuguese – Swiss	Music fan	<i>Music Consumer</i>
Tim	22	Dutch	Music fan	<i>Music Consumer</i>
Martin	54	Dutch	Music fan	<i>Music Consumer</i>
Joan	34	Dutch – Turkish	Singer-songwriter	<i>Music Artist</i>
Marinka	36	Dutch	Singer-songwriter, vocal teacher	<i>Music Artist</i>
Diego	23	Dutch	Music producer	<i>Music Artist</i>
Sebastian	23	German	DJ & producer	<i>Music Artist</i>
Hanna	24	German	Content manager in music start-up	<i>Industry Entrepreneur</i>
Marijn	23	Dutch	A&R manager in music start-up	<i>Industry Entrepreneur</i>
Zoe	23	Dutch	Project manager in music start-up	<i>Industry Entrepreneur</i>
Rosalie	23	Dutch	Booking coordinator in music start-up	<i>Industry Entrepreneur</i>

Table 2: List of participants in the study and their respective samples. Some names are pseudonyms.

The audience level sample was aimed to be broad and representative for music fans from all perspectives. From young to old, varying in preferred genre: participants represent the dynamic consumer market of music nowadays. Participants for interviews from the audience level were mainly gathered through personal networks, such as friends and peers. Purposive sampling was followed by/supported with snowball sampling (Parker et al., 2019), by reaching out to initial contacts fitting to the investigation who were then urged to recommend other participants from their circle. In the audience level, interviewees were required to engage with music on a regular basis. The aim was to get perspectives from a diverse audience as representative of the wider public as possible.

The artist level focuses on artists in the broadest sense of the word. There is a focus on musicians and producers who regularly produce music with a commercial intent, in which their success does not play a factor. The same mix of purposive and snowball sampling techniques was applied due to its networking characteristics and flexibility, and its ability to select participants with specific characteristics or group membership (Parker et al., 2019) – which is the case for artists. After reaching out to a small selection of artists within my own network, I extended my reach until I reached enough interviews for this study.

Industry entrepreneurs from music start-ups are the most niche group. The focus is on emerging music professionals who actively engage in musical entrepreneurial activities – preferably within organizational context. Small record-labels and independent music organizations received specific focus here, operating without funding or distribution of major record labels. These were selected and approached through networks of music industry professionals I have access to through the LinkedIn network, or through social platforms after online investigation. Also using elements of snowball-sampling, most of the interview participants for this sample were provided through references from people out of my network of peers.

3.4 Operationalization & Data processing

I adapted the interview questions (topic list) for each sample. Important to mention here is that these interviews have different questions customized to the sample that is explored. However, there is a focus on making these interviews mutually supportive by making them linear and relatively intertwined. The questions are thus largely similar across samples, but logically adjusted to fit the different focuses of each sample (See Table 3 & Appendix A).

Aiming at answering the research question to accuracy, participants were firstly asked about their connection to/positioning in the music industry as defined by themselves. Keeping conversation open, the goal was to get an insight on their understanding of the music industry from their perspective first. Moreover, through exploratory questions and interactive conversation, it was also necessary to get a grasp on their knowledge of and experience with technological advancements and NFTs in the industry. These first parts of the conversation were crucial to both obtain fundamental knowledge of where the interviewees are coming from through their personal frames of reference. But additionally, it already triggered the participants to think about their habits and opinions that have developed to be subconscious perceptions and/or part of their daily routines that go unnoticed. Against this background, the concepts embedded in the sub-questions were then assessed through the implications for use of NFTs posed by experts – fan-engagement and musical experiences for audience value, and switching copyright, ownership opportunities, and value creation for artists and entrepreneurs (in startups).

Most of the interviews conducted for this research took place online, for which the platforms Zoom, FaceTime, and Google Meet were used to have the conversation. A little less than half of the interviews were held offline in informal, comfortable settings to promote

a similarly comfortable, open conversation - through which participants could sense to be as open as possible. Interviewees were asked consent to record the interview before its start, for which a separate voice-recorder device was then used to record and store all the interviews in one place. These recordings were later transferred to the cloud, to then use the AI-software tool 'Dovetail' to transcribe the interviews. And after having stored these transcriptions in separate word-files, the codes and findings highlighted in the documents were divided into patterns for a coding tree - reported in Excel and transferred into a Word-table.

Concept	Focuses	Relevant questions
(Media) Entrepreneurship in Music Industry	(Shifting) industry dynamics	<ul style="list-style-type: none"> • What effects do you expect NFTs in the industry to have on the current power dynamics in the industry? <ul style="list-style-type: none"> ➢ Are there more opportunities for entrepreneurial activity? • What effects do you expect NFTs in the music industry to have on your (sense of) autonomy? <ul style="list-style-type: none"> ➢ Would the implementation of NFTs in the industry change your positioning as an artist? • Do you think this blockchain technology could make copyright laws for (independent) artists fairer? • Are there more opportunities for independent and self-sufficient music distribution through NFTs?
	Value (co) creation	
	Independency	
(Technological) Innovations	Technologies in music industry	<ul style="list-style-type: none"> • What technological advancements in the music industry do you consider to be innovative? • How have these technological advancements influenced the music industry? • How have these advancements influenced the way in which you consume/produce music? • Which technologies would you like to see used in the music industry, and why?
	Personal experience with innovative technologies	
Value co-creation	Potential value of blockchain	<ul style="list-style-type: none"> • Which aspects of blockchain technology will be helpful for value creation, value storage, or other important aspects in this context? • How do you think the value of your work will change when NFTs are actively used in the industry? <ul style="list-style-type: none"> ➢ Could it potentially work in hand value co-creation? • How could NFTs influence the engagement or relationship you have with your listeners?
	Collaborative efforts of consumers	

Blockchain/NFTs	Knowledge of blockchain technologies	<ul style="list-style-type: none"> • What do you think will be the role of blockchain technology for the music industry? • What do you know about NFTs? • What are certain benefits & risks of NFTs to you? <ul style="list-style-type: none"> ➢ How do you think these benefits and risks could effect the music industry? • How do you expect NFTs to develop in the future?
	Benefits and risks of NFTs	
NFTs in the music industry	Musical experiences	<ul style="list-style-type: none"> • Considering that NFTs are unique and non-fungible, do you believe these characteristics could translate to a similarly more unique fan-artist connection? • Do you think implementing NFTs in the music experience could influence the sense of loyalty between consumers and the artist? • Do you think music through NFTs would become more valuable to you as a consumer? In what way? • How do you think NFTs could influence the sense of community with fellow consumers?
	Fan-engagement	

Table 3: Concepts of focus in operationalization and translated into interview guide.

3.5 Analysis

The interview transcripts were analyzed for building patterns, relations between concepts and describing evolving developments. For this, thematic analysis (TA) is very fitting to identify themes and meanings in qualitative data (Terry et al., 2017). Repeating ideas throughout the data were grouped together in themes that represent underlying meanings and subjective understandings of participants - which makes it easier to answer the core question in the research (Vaismoradi, 2016). TA is flexible and can be used to identify patterns within and across data concerning the experience, perspectives, and practices from participants. This is exactly what this research does when exploring NFT opportunities through the view of various core actors within the industry.

The thematic analysis was done through a three-step coding process: open coding, axial coding, and selective coding (Boeije, 2010). But as recommended by Vaismoradi et al., (2013) the preparation before this coding was also crucial. This happened through initial obtaining of familiarity with the gathered data by general reading whilst adjusting and translating the transcripts (Vaismoradi et al., 2013). Starting at the beginning of the data collection process, open coding first exploratively breaks down, examines, and

conceptualizes data in order to find themes for categorization. Similar notions within the data are read carefully and divided into first fragments, which are often made up of single (groups of) words that express first concepts (Williams & Moser, 2019). In this first step, special focus was given to approaching the data openly to avoid being too interpretative before the next steps of coding. Axial coding is the second level of coding, taking the open codes to further refine, align, and categorize emerging themes (Williams & Moser, 2019). Axial coding helps to group the data from open coding together in new ways, by connecting overlapping or related categories (Boeije, 2010). This step identifies relationships between open codes to purposefully highlight core codes in the data, that could be meaningful in drawing conclusions. In this, it was important to engage with the data by analyzing it more actively and continuously, to make the emerging themes more explicit and meaningful to the research in question (Williams & Moser, 2019). Selective coding is the last round of patternizing, where connections are made between categories to make conclusions about perceived opportunities for entrepreneurs in the music market, in this case. This step selects and integrates categories of data from axial coding into more meaning-filled expressions about the subject of study (Williams & Moser, 2019). In other words, the most relevant patterns in context of the research question are selected out for the findings. This three-step thematic extraction from data helped to guide the research toward thematic specificity and theory creation in extension. It is thus a continuous cycle of coding in which data was revisited multiple times, which was fundamental in this qualitative research to grasp the general, underlying understandings of the research topic - that eventually approached a practical answer to the research question.

Also, because the core concepts in this project are novel but not undiscovered, the analysis of this research was characterized by a back-and-forth process of sensemaking. Thematic analysis through open, axial, and selective coding is often non-linear, and has the best effect when moving between coding methods (Williams & Moser, 2019). Hence, data analysis was treated as such, putting focus on flexibility between coding levels so findings can be explained through past research, but in-turn create new theories and implications. These codes and implications, though flexibly created, are structured and reported in a coding tree (Table 4).

Open coding	Axial coding	Selective coding
<ul style="list-style-type: none"> • Blockchain enhances control and more directly connects the artist to the audience • Middle-men are cut out • Music through NFTs are more unique from artists to select group of consumers <ul style="list-style-type: none"> ➤ “[Music through NFTs] It is a lot more special. Of course if you get it directly, that’s kind of cool.” (Stella) • NFT revenues go directly to artist 	<p>Direct communication between artist and fan</p>	<p>More meaningful fan-artist relationship</p>
<ul style="list-style-type: none"> • Feeling that connection is more intimate through NFTs (exclusive & direct) • Desire for more personal stories in music <ul style="list-style-type: none"> ➤ “I think knowing where someone’s kind of come from and how they’re grown adds a lot to the music.” (Damon) • Buying and consuming music with NFTs is more unique and exclusive • NFTs allow for consumers to invest and ‘grow’ together with an artist they put trust in 	<p>Sense of closeness</p>	
<ul style="list-style-type: none"> • Unaware of what songs or artists they listen to on streaming • NFTs would make consumption more conscious • Actively choosing who to invest in and what to listen to <ul style="list-style-type: none"> ➤ Makes music more valuable ➤ “If I actually buy it from the artist, so it would definitely make a difference. I would value that song a lot more.” (Sebastian) • Consumer role becomes more engaged and collaborative within NFT music transfer 	<p>Passive to active music consumption</p>	
<ul style="list-style-type: none"> • Artists can keep all rights and revenues when selling music through NFTs <ul style="list-style-type: none"> ➤ “If that NFT is independent, then you keep all the rights to yourself. So I assume also all the revenues. That’s a lot more fair, undoubtedly.” (Diego) 	<p>Fairer artistic rights</p>	

<ul style="list-style-type: none"> • Industry is unfair to artists > share of revenue is too small > little creative freedom • NFTs decentralize music distribution • Opportunity to keep rights give artists leverage > could make relationships in industry more balanced 		
<ul style="list-style-type: none"> • If artists have more autonomy and control over their output, it gives creative freedom • Creative freedom will cause for more authentic music ➤ <i>“Part of these benefits when cutting out the middle-men is that artists keep their freedom, to express their creativity.” (Martin)</i> • Musical authenticity is missed > Streaming and algorithms make music slightly more homogenous sometimes • The personal story and unique voice is important to the musical experience • Lack of authenticity is not bothersome, but especially preferable for artists 	Authenticity	<p style="text-align: center;"><i>Shifting positioning within the music industry</i></p>
<ul style="list-style-type: none"> • Streaming services are too relevant to be taken over • Independent artists miss expertise of intermediaries to divide work ➤ <i>“On the other side, I do miss knowledge of PR. [...] Then it would be quite nice to find that extra party again. Who can take care of promotion.” (Marinka)</i> • Opportunities for (commercial) success are bigger with major labels and publishers • Expectation is that intermediaries will always find a way to respond to innovations like NFTs 	Lasting need for intermediaries	
<ul style="list-style-type: none"> • NFTs are attractive for bigger artists who already have audience/fanbase ➤ <i>“I think it sounds nice, but it is not something I personally think: Oh yeah, I’m gonna do that. I think it is especially useful when you have a bigger fanbase.” (Joan)</i> • Smaller artists do not have resources to work entirely independently 	Inequality for independent artists	

<ul style="list-style-type: none"> • Audience will not invest in independent artists they are not familiar with • NFT music could also become competitive, making it difficult for independent artists to stand out 		<p><i>Opportunities for entrepreneurs</i></p>
<ul style="list-style-type: none"> • Artists can be more self-sufficient • No need for labels anymore • New technologies and social media create opportunities for independency for artists and entrepreneurs • Digital society brings more creators, NFTs offer additional tool • Lower barriers > more independent artists > democratization • NFTs give more leverage for artists • Music start-ups don't lose their position > NFTs open new ventures for them to gain a competitive advantage within industry 	<p>Entrepreneurial ventures</p>	
<ul style="list-style-type: none"> • Little knowledge on NFTs and blockchain technologies • Lack of knowledge also translates to less trust <p>➤ “[It needs] Yeah, trust. People are hesitant of innovation, because there is a lot of <i>uncertainty</i>.” (Martin)</p> <ul style="list-style-type: none"> • More information of NFTs and their implications is needed • Information should be provided by artists or labels about (use of) NFTs 	<p>Need for information & education</p>	<p><i>Potential threats to value of NFTs</i></p>
<ul style="list-style-type: none"> • Past years of NFTs show that they can decrease in worth quickly • Uncertainty about willingness to invest considering music is free • Price should not be too high • Uncertainty if it generates enough revenue for smaller artists 	<p>Financial uncertainty</p>	

Table 4: Coding tree with key themes from conceptually rich data/codes. Demonstrated with example quotes from coding.

3.6 Reflexivity and Quality Criteria

Considering that this research concerns the prospected/future potential of a technology, results from the study can be hard to grasp - making them highly prone to incorrect measurement. By thus using previous, related research to assess on the reliability and validity of this research, the quality of this research is reflected upon to prove its relevance within the academic scope.

3.6.1 Reliability and validity

As research of NFTs in the music industry is a relatively uncharted or new area, it is important to ensure the quality of the research. The following criteria were used and respected:

Validity refers to the extent to which a research instrument can measure the concepts embedded within the research question accurately (LoBiondo-Wood & Haber, 2013). It determines whether the research truly measures what it is intended to measure, and how truthful the results of the study thus are (Golafshani, 2003). One of the main ways in which validity was guaranteed in this study was through purposeful sampling (Franklin & Ballon, 2001). Purposeful sampling focusses on intentionally selecting cases, after which additional cases are selected to test the findings of the analysis. Participants whose position/view diverged from the other interviewees were thus prioritized, making their answers in the new context more valuable to the credibility of the research (Franklin & Ballon, 2001) - especially as they still showed general similarities. Hence, it could be stated that results of the study in question are generalizable across a larger audience, proving the trustworthiness and validity of the study in extension.

Reliability is concerned with the ability of a research to be reciprocated and consistent within the findings (Franklin & Ballon, 2001). To illustrate, it refers to the degree to which other researchers would generate similar interpretations and results if they conducted the same research. For reliability to be sufficient, the data collection procedure and analysis of a research should generate the same answers for multiple participants in the study (Franklin & Ballon, 2001). Additionally, multiple criteria for reliability posed by Miles and Huberman (1994) also pose good assessment of research quality. In the case of this study, criteria such as 1) meaningful parallelism across data sources, 2) clarity and consistency of research question and its design, 3) data collection across a full range of settings and respondents, and 4) peer reviewing of research were all purposefully met. Reflecting on the reliability in light of this research in hindsight, findings might not be reciprocated precisely in case of repetition,

as this study is highly dependent on the timeframe. The development of NFTs integrating in the music industry is still taking shape, which could make participant perceptions different when there is more knowledge on the innovation out there - which could change rapidly. However, the data derived in this study still shows large generalization and commonalities across participants, which proves the reliability of the research within its current scope.

3.6.2 Ethical reflection

While engaging with participants through open communication and conversations I strived to be sensitive to ethical concerns. Especially when speaking of semi-structured interviews, in which conversation is purposefully kept open and flexible, topics of discussion might probe unexpected areas that call for careful considerations of privacy (Allmark et al., 2009). Past studies on ethical concerns in interview research thus highlighted the importance of informed consent. But considering that full information of the nature of an interview or research can never be provided entirely transparently, informed consent could become problematic (Allmark et al., 2009). Still, information such as interview context information, the purpose of the research, and guarantees of anonymity and respectful handling of interview data were provided to participants for them to make careful decisions about their consent to participate in the research. And as previous research shows that interviewees are not opposed to discussing difficult topics if the study is deemed worthwhile by them, special focus is put on guiding the interview narrative to fit each participant personally.

Another general critique is that in-depth interviews pose the risks of dual roles of the researcher or potential researcher bias (Allmark et al., 2009). As an active music fan and having invested in music production myself, the dual role cannot be entirely excluded being that my position could also be partly at stake within this research topic. Additionally, being that a considerable part of the participants came from close, personal networks, potential bias through prior knowledge or pre-established modes of conversation and communication can also not be excluded as a potential risk for the research. However, as conversations were kept professional with the structure provided by the interview guide, these risks merely cause for potential minor limitations that do not pose a threat to research outcomes.

4. Results

From the data, the following themes emerged: 1) fan-artist relationships increasingly defined by direct communication, a sense of closeness, and a passive to active communication, 2) different positioning of artists in the industry through fairer rights and authenticity, and 3) varying implications for entrepreneurship including new entrepreneurial ventures but simultaneous inequality for independent artists. Lastly, 4) these patterns are challenged by common financial and educational threats. These themes will be structured and discussed further below (See Figure 5).

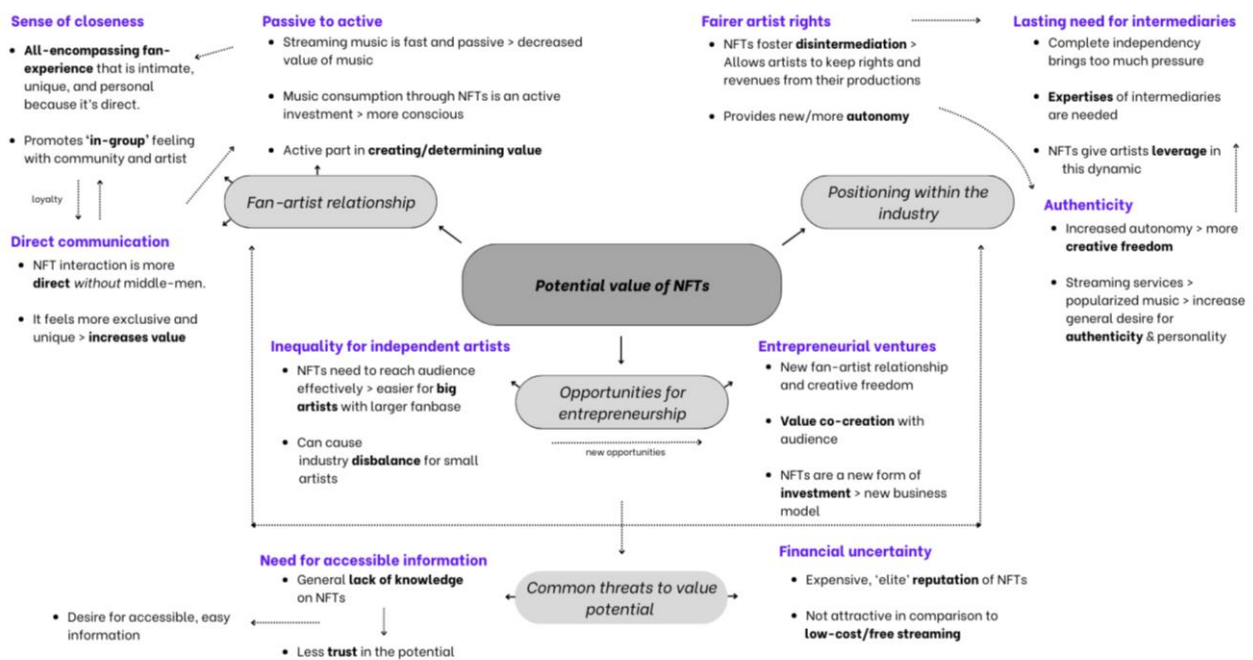


Figure 5: Mind-map of themes derived from the results and their connections.

4.1 Fan-artist relationship - Audience level

One of the most recurring themes is the connection between artists and their fans, and how NFTs in the music industry affect this relationship. As approached from the perspectives of both music listeners and music artists, many facets of this relationship are subject to change when NFTs are integrated into this dynamic.

4.1.1 Direct communication

Many participants believe that NFTs can provoke a more direct interaction between artists and their audience, thereby extending music experience.

“I think if we were to shift to a more communal approach, I think people would actually wake up to the fact that we are directly able to impact who gets a platform, who gets paid.”
(Damon, music consumer)

“If you [artists] can collect the revenue yourself instead of through a distribution channel. That’s very interesting.”
(Marijn, industry entrepreneur)

“It [music] is definitely more valuable, yeah. [...] It’s just more direct, you know?” (Rosa, music consumer)

As is also evident from these interview quotes, this argument of direct communication is derived from the notion of disintermediation that is a core characteristic of the NFT technology. Disintermediation is the act of cutting out the middlemen, which can make this interaction a direct transaction, in which consumers can support the artist in question also directly. In other words, a direct interaction could mean directly paying the artist, or having the sense that the artist is quite literally handing the music directly to the participant – similar to traditional music distribution of CD’s.

“It sounds recognizable as in selling an album. That after a gig, you would go into the venue, and sign some CD’s for a while. [...] If you can create content in that sort of way, that people are connecting to you. Like they’re coming to your gig, and that they want a piece of your work. That feels special.”
(Marinka, music artist)

“If everything would be done through NFTs. How would that work?

Would we then go back to buying CD’s, but digitally?” (Rosalie, industry entrepreneur)

Generally, NFTs are understood as digital transactions of goods like parts of music rights, artworks, songs. But the underlying meaning and implications of these direct NFT transactions are perhaps more meaningful and valuable. As this transaction is unmediated, these NFTs can create a sense of exclusivity for both fans and artists – since it is a limited, innovative interaction. NFTs can go beyond and enhance the fan-experience through being like an ‘entry pass’ or ‘membership ticket’ which strengthens their exclusivity. This possibility of a direct interaction through NFTs is one of the most determining factors to increase musical value, and how music is experienced.

“Even now that you say it, that’s actually a pretty smart idea. [...]

I think a membership is super interesting. You know, I mean I don’t go to too many concerts this year, but if the ‘Mic’ concert would have been you know, exclusively for fans... Yeah, I’m going.” (Damon, music consumer)

“I do really see it in the bigger pop music industry. Especially with like... If I think about Taylor Swift and how crazy people are and how much money they are willing to spend on that. [...] There is an incentive for people to spend money to get this closer connection.”

(Hanna, industry entrepreneur)

Both of these opportunities of what a consumer could buy with NFTs give audience members the sense that their relationship to the artist is becoming more exclusive and dedicated, which is what artists similarly expect. And this exclusivity, both for regular consumers and bigger music fans, would rapidly increase the value of the music - and sometimes even the way in which music is experienced. As is also highlighted by Stella, the limitedness of NFTs carries a feeling of uniqueness which positively influences value as well.

“It does make an NFT like.... There’s only one of it, so it’s very unique and maybe makes it just more special and unique you know. More value to the music or the song.”

(Stella, music consumer)

This feeling of exclusivity through direct communication with NFTs is also strongly related to the increased sense of closeness audience members would feel with an artist, which can enhance value even further. These aspects are in constant interplay with one another.

4.1.2 Sense of closeness

Partly promoted by disintermediation and direct communication, one of the main values embedded in music NFTs are the opportunities for an all-encompassing fan-experience. NFTs increase the sense of closeness of the fans to the artist. And it is very evident how valuable this sense of closeness is to the consumer experience of an artist's music and their connection to the community as well.

“It would 100% make me feel closer to the artist. [...] I'm one of those people that's like... As cheesy as it is, I do appreciate those little tokens from them. [...] Those little things go a long way. [...] You can actually feel like you're a part of something.”
(Damon, music consumer)

“Do you think it would change your music consumption experience? [...] Without the middle-men NFTs essentially cut out?”
“Yeah, I think that would make it more, like, unique and intense. [...] Already with Spotify wrapped, you have like: 'you're in the top 0.1% listeners of this artist. [...] You're like: 'Oh my gosh, I'm so close to them.' But actually you're not because there's still so many other people and Spotify telling you that. So it's like, is the data even real? But if you cut that out, you're in contact with the person.” (Rosa, music consumer)

As NFTs are sold by the artist directly, it automatically makes the audience feel intimately closer to the artist – which is exactly what Rosa described in comparison to Spotify's opportunities. This is also partly embedded in the exclusivity NFTs offer through the limited editions artists can put out from the digital art they sell.

“If I would be the one who was able to buy a share of it, I would feel like, so high maintenance. [...] Because it's unique, and you're the only one who would be able to own it.” (Stella, music consumer)

When offered exclusive content, it gives the audience the feeling that they are similarly special and unique through this. Having access to content that would normally not be readily available gives insights into the artist's work and life that makes participants feel like they know the artist in question better, especially because this content behind NFTs is limited and unique. Consumers can feel that they are there with them, which is a sense that gets continuously renewed and fed with the content that is offered through these NFTs. In turn, this increased sense of closeness enhances consumer loyalty.

“I think that [it would make fans more loyal to the artist].

That there is a much more direct relationship.” (Martin, music consumer)

In addition, being able to share this feeling with an exclusive community of similar music consumers plays into the crucial communal role of music. NFTs have the ability to build communities of fans that are more exclusive than their audience on social media, promoting an exclusive in-group feeling to the consumers within this community. It is a general desire as also vocalized by Rosa and Stella, highlighting that NFTs contribute to a more valuable community feeling - something that is not achieved contemporarily to that extent.

“I think there is a little bit of community, but it's not intense. It could be improved a lot now on streaming services. And maybe that's where NFTs would complement it.” (Rosa, music consumer)

“I would feel like, so high maintenance. Like special, part of a community, I think. [...] Like a sense of belonging, maybe just something bigger.” (Stella, music consumer)

These prospects of what NFTs could offer, through an exclusive, unique experience tied to an artist with a community, also shift the music engagement and experience of consumers.

4.1.3 From passive to active

In this switched interaction, if audience members were to invest in NFTs as a new mode of engaging with music, music consumption in extension becomes more active for some, whilst consumption habits might not change for others initially.

Music consumption nowadays has become primarily passive, which is not desirable for artists, entrepreneurs, or consumers. Even though current music consumption is accessible and easy, the desire for more conscious music consumption is returning. As also vocalized by Joan and Martin, current technologies in the industry (such as streaming services) have made consumers less aware of the music or artists they listen to, which is an effect that calls for change that NFTs can foster.

“The downside of something like Spotify is that, I would not know a lot of artists I listen to. I wouldn’t know their name. [...] I don’t even care about the artist anymore. You don’t go for a deepdive into artists and their repertoire anymore. And I think that’s a real shame, and I hope people are going to want to return to ‘the basis’. Where you listen to the truth and what someone’s soul wants to say, you get what I mean?” (Joan, music artist)

“In new lists on Spotify, I do have to say that there are a lot of artists in there whom I have never heard of. [...] And then I also forget again very quickly.”
“But are the personal stories behind music still important to you in this music experience?”
“Yes, definitely.” (Martin, music consumer)

Essentially, passive music consumption neglects the meaning and authenticity of music, which holds significant value. But consuming music through NFTs would make consumers have to consciously pick out an artist or song they invested in through this technology instead of putting on streaming service-recommended playlists. And though this active engagement needs more effort that is not always desirable in the rapid music market, it does reinvent how music is valued. This value is embedded in listening to music more consciously, paying attention to the personal stories behind it, and thus valuing it for its actual worth.

“I think it that sense, it becomes more personal. [...] You can give your audience something personal and what also feels valuable to them.” (Marinka, music artist)

This shift towards a more conscious music consumption is debated and subject to personal preferences, but essentially music through NFTs would translate to more actively engaged music consumers in control of their choices.

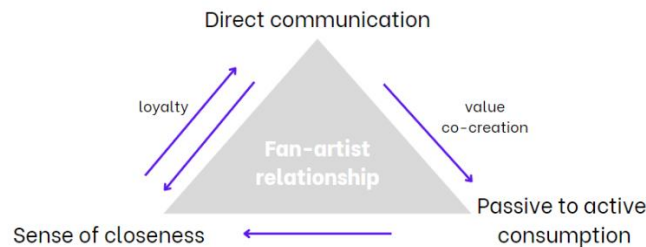


Figure 6: Visualization of fan-artist relationship through music NFTs

These separate notions for fan-artist connections are inherently interconnected (Figure 6). The direct connection and sense of closeness between artists and consumers continuously influence one another through an increased loyalty – where direct communication fosters the sense of intimacy, and this intimacy also promotes the direct interaction. Consumers become active engagers that develop into direct, key actors in the value co-creation process. In extension, also strengthening the closer relationship with the artist.

4.2 Positioning within the industry - Artist level

From the production side within the supply- and value chain, NFTs have the potential to shift the positions of (independent) artists in the industry to more democratized, competitive, and free. Potential implications show that NFTs could allow artists to 1) keep their music rights and 2) produce authentic music through increased creative freedom. At the same time, these implications still highlight 3) the lasting need for intermediaries in the supply- and value chain.

4.2.1 Fairer artistic rights

Again, the core aspect of NFTs for digital art is the disintermediation, meaning that an artist would not need middlemen to effectively distribute across an audience with this technology. In practice, this means that artists can keep their music rights and revenues,

which is a development the music industry desires. Especially considering that the general view of the industry perceives unbalanced rights for music artists, and much of the master rights being in the wrong hands within the industry value chain, the force of NFTs is a welcoming development for industry stakeholders in the context of this study.

“I think one of the main benefits is that you eliminate a lot of middlemen, who restrain them. In these contracts, you often see rights and revenues flow away to the wrong parties. And with this, I think they keep a lot more of the benefits themselves.” (Martin, music consumer)

“It’s definitely more fair. [...] I think that the autonomy you have does get bigger. And through that, also the rights you get to keep. That you’re more in control.” (Diego, music artist)

Contrary to how the industry has historically been structured, NFTs can revolutionize these rights towards a fairer share for the actual creators and artists. By keeping these rights over musical output and directly deciding how to divide these rights across their audience, artists gain a new sense of autonomy previously unfamiliar to them – an ideal power dynamic that should have always existed.

“I do believe that it should always have been like this. [...] If you look at the past with some artists who are scammed by their managers. That it was them who had the power to decide what the artist was going to do. It’s kind of an ‘upside-down’ world.” (Marinka, music artist)

To illustrate, NFTs give artists more power over their work and how it distributes, decentralizing control away from intermediaries who have historically monopolized this part of the value chain - allowing artists to hold all of the rights they had to contractually divide before. As a logical result, revenues from these music NFTs are expected to go primarily to the artist as the core distributor. Compared to contemporary artist revenues and distribution of rights, participants see this as a valuable change that could balance the industry power dynamics fairly.

“Do you think NFTs could help make them a little more dominant?”
“Yeah sure. [...] So now, also just saying: ‘Look, I just made that NFT now, I make a lot more money with that. So either you treat me better. So they do have leverage in a certain sense..’ (Diego, music artist)

Because the artists keep their rights and revenues to themselves by which they increase their autonomy, this promotes their sense of freedom in their creative output as well. And beyond that, increasing the authenticity of this output, which leads into the next section.

4.2.2 Authenticity

In continuation of this expected of autonomy and rights for artists, this increased autonomy translates to the ability of artists to produce music closer to their personal style and wishes. To illustrate, artists independently distributing music through NFTs do not need to adhere to other actors in the value chain, meaning that have the creative freedom to produce what they want. In general, this would define the shift from homogenized, popular music to greater authenticity of the musical output.

“And that this [NFTs] leaves them with a lot more themselves. From which, as an artist, you keep the freedom and you can still express your own creativity.” (Martin, music consumer)

“I think artists will obtain a better place in the industry, and that labels become a sort of ‘agency’ to advise artists. And not the other way round like: ‘You now have to create this or that.’ [...] Then the authenticity of artists will increase as well. And that’s essentially what it’s about right? That the art is authentically from the artist. And not forced by the label.” (Marijn, industry entrepreneur)

As evident from these interview quotes, participants expect creative output through NFTs to provide new opportunities for artists to make the music more authentically related to them. Because having been subject to streaming services that rely on certain algorithmic patterns for music to become successful, contemporary popular music is increasingly losing uniqueness and authenticity. Hence, the freedom to produce authentic music is an indicator that could offer much value to artists and the musical scope, for which the NFT technology

offers rich grounds. Not to mention that historically, this discussion of creative freedom has always been a tension taunting the industry and the embedded relationships between stakeholders. But now, authenticity in music is also becoming a growing desire for audience members.

“I just like to relate to lyrics. I’m curious about lyrics and what this person is trying to express and say. I like to connect with that and, you know, get in my feelings and emotions. [...] It does make it more valuable.” (Stella, music consumer)

Because despite the many benefits contemporary music consumption brings for convenience and discovery, the desire for personal stories and authentic music to return is growing to be more valuable within the contemporary popular music market. Streaming services have diminished this value significantly as a determining factor in what music is popularized and given a platform, which also influences music production from artists and their labels for commercial intent. NFTs as a democratic, independent blockchain tool for direct distribution can hence indirectly shift the market towards more authentic output again. In turn, it can promote consumer-artist co-creation of new value through NFTs.

4.2.3 Need for intermediaries

Despite the promising increased value NFTs could give artists by cutting out the middlemen, there is an enduring need for intermediaries within the music industry. Whether for promotion or distribution, making all aspects of the music supply chain entirely independent brings too much pressure to the artists - as concluded by themselves, but also the consumers.

“On the one hand, autonomy does feel better as an artist. [...] The context of just being with myself, that feels very logical. On the other hand, you really miss knowledge in PR, for example. So finding an extra party would be good.” (Marinka, music artist)

“But I think it would only really work if NFTs do become a kind of platform again. [...] And then there will always be a middleman in between anyway.” (Joan, music artist)

Complete disintermediation within this chain is either utopian, or historically difficult because of the relatively permanent position of intermediaries in the value chain (Figure 2 & 3). Major establishments in the industry have the power to adjust to technological innovations accordingly, which is what can be similarly expected with blockchain and NFTs. The power of these intermediaries is so significant that it is hard to imagine a value chain structure in which their position would be omitted. Rather, maximum potential for NFTs in the industry is likely a collaborative effort or co-existence with the core intermediaries who keep their position in the industry - such as streaming services or major record labels.

“Do you think they could co-exist next to streaming services as an extra tool?”

“Yes, I think that’s possible. But it will not take over, per se. [...] I think labels will jump in on the opportunities as well.”

(Marijn, industry entrepreneur)

On the other hand, this co-existence with NFTs can restructure the industry to give artists a bigger voice through the opportunities for direct distribution and relation with the audience. Because whilst intermediaries and their separate expertise’s are still needed to for artists to reach their audience most effectively, NFTs only further increase independency and entrepreneurial opportunities through which artists take back more of their autonomy.

It proves that NFTs undoubtedly have the power to shift the positioning of certain actors in the industry, of which (independent) artists are at the forefront. But even though their rights and creative freedom positively enhance one another with NFTs, complete disintermediation cannot be expected from an industry that historically relies on them. Still, NFTs do create new supply chains that can balance the industry for artists, and create opportunities for entrepreneurs.

4.3 Opportunities for entrepreneurship – Industry Entrepreneur/Start-Up level

Partly due to these notions of artistic rights, authenticity, and the collaboration with intermediaries, various entrepreneurial opportunities are also put forward. Within the global industry dominated by few major establishments, increasing independence as driven by technologies is a phenomenon attractive to many participants. However, the reality of this seems far-fetched and relatively prone to inequality.

4.3.1 *Inequality for independent artists*

Despite the opportunities NFTs have to increase entrepreneurship and independence even further in the music industry, there is a considerable risk that this innovation will cause disbalance between larger and smaller artists within the industry. Because for audiences to invest in music NFTs, they have to be reached effectively first, which is easier for artists who have a bigger, established fanbase.

“I think it also doesn’t maybe make sense for it until you have a bigger fan base. I think that’s also only going to help. Help usher it in more, you know what I mean?” (Joan, music artist)

Prospects show that NFTs are connected to an artist instead of a related genre of subculture. This means that for an artist’s NFTs to ever become popular and profitable in extension, they need to attract a large enough audience willing to invest in the NFTs they offer. Logically, bigger artists who have already obtained this audience are one step ahead, making the NFT marketplace even more difficult and competitive for smaller, independent artists who still need to address this audience. Hence, the dynamics in the music industry could potentially also become unequal through NFT integration, which is also explicitly mentioned by Marijn.

“I think it could also cause the industry to go completely out of balance. [...] People will choose the bigger artists to invest in. And then the smaller artists are forgotten, because you’re also not going to spend all your money on it.” (Marijn, industry entrepreneur)

Especially in comparison to the streaming services as the primary alternative, these platforms offer the tool for music to be picked up by an algorithm and placed in recommendation playlists. In comparison to NFTs, this streaming market structure is more worthwhile for smaller artists and entrepreneurs, as this passive form of consumption does increase the chance for them to become part of personal playlists by ‘algorithmic’ chance.

Then, for a larger scope of artists to become successful through NFTs, the need for a good content roll-out on social media to reach the audience effectively is crucial. And beyond that, this opens new entrepreneurial opportunities as well.

“I assume they would then promote these NFTs through social media. Yeah, that would definitely work then. Because if you have a very good content rollout, it could indeed still be, of course, that then people will indeed just buy your music in this case.”
(Marijn, industry entrepreneur)

“It would still need social media. You still need branding, I think. Because in the end, no one is gonna buy your NFT if they don’t know about it.” (Hanna, industry entrepreneur)

Because much to the relief from the perspective of music startups and entrepreneurs, this in-turn does strengthen their position as entrepreneurial establishments who could support artists in their efforts to distribute music independently - without majors and streaming services taking part in this.

4.3.2 Entrepreneurial ventures

The current musical landscape already allows for artists to become self-sufficient, which is a generally positive development. Despite threatening inequality for smaller artists through NFTs, the opportunities for entrepreneurship cannot be overlooked - especially considering the increasing importance of entrepreneurs within the creative industries (Hoag, 2008). Logically, the fairer rights and creative freedom already translate to notions of independency and (artistic) entrepreneurship. And as NFTs promote these indications of independency and autonomy even further, a new realm of opportunities for entrepreneurship can open up. Whilst direct-to-fan sales, exclusive fan-experiences, and increased control of artistic rights are leading in this, there are several other opportunities worth mentioning.

Through NFTs, artists and entrepreneurs have the ability to innovate their business model and the value they provide with their new creative freedom. Essentially, this means that artists can brand themselves in a manner most authentic and fitting to them and their intended audience. It offers the opportunity for artists to co-create value with their audience, and make it a mutually beneficial experience that is tied exclusively to them.

“I think so, because you need each other also to create your value. I mean, without the artist no listener, and without the listener a very lonely artist. So you need each other, I do think that’s very important.”
(Marinka music artist)

More uniquely, prompting NFTs as a form of investment, it could also bring the opportunity for audience members to invest in their favorite artists to grow along with them. Participant perceptions on this vary widely, but show intrigue for this new renegotiated audience engagement nonetheless.

“If you’re putting your money on someone... Not necessarily that it gives you a stake, because I don’t want to look at it too much like that. But you have invested interest in their success, and I think that’s something people nowadays often forget, right? This is a person who is trying to build a livelihood with kids and things like that. [...] I think it would create that kind of like, understanding. Like okay, I’m invested in you.” (Damon, music consumer)

As a part of engagement becoming more active, giving consumers the opportunity for such investment is a new aspect to this industry and its value creation process. Redefining value co-creation entirely, musical value through NFTs could become inseparably dependent on networking and interaction with the artist’s audience. However, this is a development that is somewhat of a ‘double edged sword’. Because while this consumer investment in artists can strengthen their relationship and lead to mutually beneficial growth, there is also a risk that disappointment or failure could harm the relationship. Especially as fans are putting their trust in the artists through financial support.

“I do think there’s a risk factor to that. When you start something like that, is that people feel like they’re getting something in return. [...] But then it could also be something that completely fails. I have the feeling that it might not be very beneficial for the bond you have with your fans.” (Joan, music artist)

On the other hand, it can also cause music distribution and consumption to become more communal and intimate than ever before. Depending on what entrepreneurs and artists put out through NFTs and how they choose to structure their distribution, these efforts could develop into (small) businesses - also for aspiring entrepreneurs.

“Well, if you then, you say co-creation, and then you have a kind of invading idea that you’re involved and therefore have something of influence. Yes, I think that automatically increases the bond.” (Diego, music artist)

While NFTs can promote this independence, the threatening inequality between established and emerging artists is a challenge that increases uncertainty – for which proper information is required. However, the entrepreneurial opportunities even these challenges offer are valuable to the entire industry. Balancing these opportunities and challenges is hence essential to the successful adoption of NFTs in the music industry.

4.4 Common threats

Opinions on whether NFT potential is significant enough to obtain a place in the music industry are clearly (and widely) divided and nuanced by personal experiences and perspectives. However, two common threats are fundamental to how NFT technologies in the music industry will be valued: 1) the need for proper information to counter the lack of accessible information on NFTs, and 2) how much it will cost people financially, underlined by the uncertainty blockchain technologies still show.

4.4.1 Need for accessible information

The general lack of knowledge on NFTs that persists calls for more, accessible, understandable information about NFTs and blockchain. Most interviewees had little to no knowledge of what NFTs exactly were, let alone what this could mean for potential positioning in the music industry.

“I think the lack of knowledge is also a big hurdle to get into it. But I do think there’s potential.” (Rosa, music consumer)

“I think education about NFTs is important. NFTs are still such a niche thing that a lot of people don’t know about, me included. [...] If I look now at me being in the consumer perspective, I’m like: ‘Ok, cool. And what do I get in return?’” (Hanna, industry entrepreneur)

In-depth conversation and sensemaking through discussion and education is needed for people to warm up to the idea of NFTs integrating in daily engagement with music. It

(in)directly highlights the need for this understandable information to be provided, in order for the stakeholders in the industry to obtain the trust and desire for this technology in the industry. This is crucial for the potential value of NFTs to ever become practiced. As apparent in the conversations with Damon and Hanna, knowledge on what value it would create for them as consumers are main barriers necessary to overcome for people to invest in NFTs.

“If you really take the time to kind of explain to people how it works, you know, how to gain access to this stuff I think people will be a little bit less apprehensive. I think transparency is the big one.” (Damon, music consumer)

“I need to know what the thing is that actually creates value on my side, for the money I spend. [...] What does it give me if I spend that money on an NFT from the artist?”
(Hanna, industry entrepreneur)

Logically, all innovations need a proper understanding before it can be successfully adopted. However, results do indicate that these risks can have a ‘de-valuing’ effect on the perspective of NFTs and their potentials for the music industry. It highlights the importance of this desire even further as a first step of what the NFT technology will undeniably need for it to ever become adopted.

And for the dissemination of this information, well-known pioneers from the industry are needed to give it traction and make it trustworthy in the eyes of the industry stakeholders. Large artists with a big following, or the established organizations within the industry that have the status and are in control of a large part of the music distribution, could take on this role most effectively.

“The music label could step in and try to do that, because labels are obviously selling. [...] If the artist would step in and be like I thought of this really cool thing and I want to create a deeper connection with you. Really put the emphasis on the value the audience can get from it rather than ‘I want to sell you something’. That would be helpful.” (Hanna, industry entrepreneur)

“You always need some sort of pioneers, people who are going to do it, and dare to do it. [...] Look, people are of course always a little bit afraid of innovation. Because it’s a lot of uncertainty. And then you have some people who do have the guts to do something with it.” (Martin, music consumer)

As this research already simulates, easy information and transparency about NFTs can already spark ideas for stakeholders of what NFTs could mean to them. It proves that the communication of such information could already increase the perceived value of NFTs in the music industry before it is even integrated.

4.4.2 *Financial barriers*

A less prominent, but second noteworthy risk for NFT value are the financial concerns connected to the technology. From consumers, to artists, to entrepreneurs, NFTs are financially threatening.

“But the financial aspect is, especially for me, I just finished college, making money. Now if I also have to start paying a lot of money to listen to nice music, it’s not fun for me. It’s not attractive.”
(Tim, music consumer)

“That’s with investing, of course. [...] That you think, I’m going to buy a stock and it becomes very successful. And then turns out to be bullshit. Yes, then you lose money. That’s actually similar with NFTs.”
(Martin, music consumer)

“When I hear NFT, I hear: ‘Okay, more money’. You know?”
(Stella, music consumer)

As posed here, the consideration of NFTs in the music industry is often underlined with higher costs that would not be able to compete with current costs of music. Access to majority of music is free/low-costs nowadays, making NFTs even less attractive. Blockchain and cryptocurrencies are perceived as large investments primarily of interest to ‘elite’ parties, which is a narrative NFTs also cannot discern from itself yet – and what takes away from the positive exclusivity NFTs could have. NFTs as a blockchain equals an expensive investment for participants, around which there is primarily a lot of uncertainty. Partly, this was due to

the past experiences with NFTs dynamic fluctuation of value, which was also explicitly mentioned by Marijn.

“I know that there was a lot of money spent on NFTs at one point. But that those are also actually not worthy anything anymore.” (Marijn, industry entrepreneur)

So the consideration of if the stakeholders would ever choose to invest in NFTs themselves, either as a consumer or as a provider, is debatable. Since contemporary consumption is inherently more accessible for all layers of society, NFTs as a new development will expectedly get the short end of the stick. Because when there is an option for music consumption which is ‘shallow’ but broad, NFTs offering a more exclusive music experience in less quantities does not seem attractive to the participants.

“It’s easy. I press play, it’s free. Why would I then spend money on something that is free?” (Joan, music artist)

“I feel like people are not really willing to spend money on something that they can also easily get for free.” (Hanna, industry entrepreneur)

This investment is therefore still mostly relevant to active, highly-engaged music fans, who already spend many resources on music for artist experiences in their consumption nowadays. Only if music as NFTs would consistently be offered at a low price for a high reward, similar to the old business model of iTunes, would it attract more participants to potentially buy music through blockchain.

Reflecting on the different values that NFTs can bring to the music industry, there are various implications for their successful integration and use. And since the stakeholders in this study are closely connected through the industry value chain, overlaps between themes show how these value indicators are reflected at multiple points in the supply- and value chain. And in extension, this provides broader, practical themes of how NFTs could integrate into the music industry value chain – as opposed to presenting the separate aspects of value it could have. The overlap and interplay are further analyzed in the discussion.

5. Discussion

As results show, the perspectives and opinions on the topic of what potential value NFTs could offer for the music industry are relatively divided. Connections to the industry, past experiences, differences in interests and personal perspectives, add value to NFT use and how people reflect about it. Based on the previous chapter, four broader patterns and their respective practical implications will be discussed below (See Figure 7). Selective representative quotes are added to support and enrich the discussion.

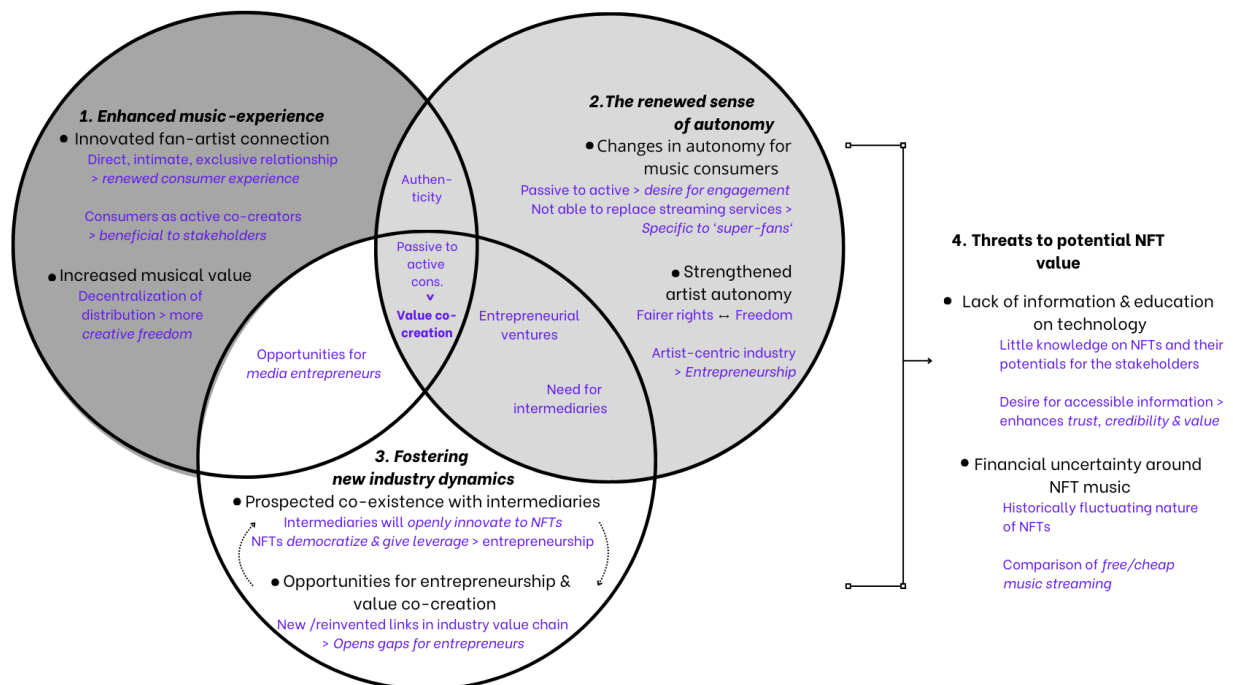


Figure 7: Structure of practical implications of NFTs for industry adoption, and their interconnection (primarily in value co-creation).

5.1 Enhanced music-experience

Digitization and the technological society have caused the world to move faster and become smaller, for better and for worse. And for the music industry, it already provides many improvements that innovate the music experience. Music has become more accessible to a larger audience, creation and production is easier than ever, and artists are becoming more self-sufficient in many ways (Walzer, 2016; Peltz, 2011). And these entrepreneurial ventures and opportunities are starting to be increasingly noticed as a key development in the creative industries, and music industry in extension – by entrepreneurs, artists, and consumers.

“Artists can go independent pretty easily. [...] By using TikTok, or Spotify for example. They can, they can take care of the whole distribution themselves. [...] They don’t need a label, per se.” (Marijn, industry entrepreneur)

Still, the central technological advancements of the music industry nowadays also cause for music to become more popularized, passive, and led by algorithms. Artists increasingly need to produce ‘hitmaking’ songs, to be picked up by the algorithm - in extension hoping to be able to stand out in the overflow of music being put out every day.

“Because there I think 60.000 tracks a day that get released. So you also have to have something to put on your social media. [...] Because it also means that people in turn put your tracks on their blog or website. So you get outside of your own bubble.” (Marinka, music artist)

Despite the music experience already having shifted immensely for consumers, artists, and industry entrepreneurs, it shows upsides and downsides. The prospect of implementing NFT’s into this music experience highlights two important effects for the industry: 1) a newly defined connection between artists and their fans, and 2) music consumption and production that is more authentic and thus valuable.

5.1.1 Innovated fan-artist connection

Primarily, NFTs have the potential to redefine core aspects of the relationship between artists and their fans. Direct communication, a new sense of closeness, through which consumers and artists can become actively engaged in the connection are all crucial aspects of the fan-artist connection that carry innovative exclusivity and uniqueness. In line with one of the main result conclusions, this reflects all the way back to the other core actors in the value chain. It highlights the general desire for this innovated fan-artist connection in the industry, which NFTs foster.

“How do you think NFTs could help you feel closer to the artists and their art?
“Well, because it takes out the middleman. You go straight to it. [...] And also I think, if you engage with that community and talk about the artist, you might learn things from them. That then enhances your relation with the artist.” (Rosa, music consumer)

The development of this new fan-artist relationship is multi-faceted. It translates to not only a development of the relationship with the artist, but also their musical output and the surrounding community NFTs generate. Putting this in light of literature (Abbasi et al., 2016; Rabinowitch, 2020), these renewed experiences for consumers in the music industry are of core value to obtaining and keeping a competitive position in the market. As NFTs could create new social- and networking experiences through the exclusive community experience, it is a technological development that provides enriching experiences consumers will appreciate and come back for (i.e., loyalty) (Abbasi et al., 2016). Through this new interaction, musical output also becomes more valuable, being that immaterial value influences material value in today's creative economy. This means that, in turn, this exclusive relationship is thus becoming similarly worthwhile for the artist.

Proving that, whilst this connection is mainly an implication of value for consumers, investing in NFTs to enhance consumer experience engages the consumers to become a necessary part of value co-creation. Reshaping fan engagement through exclusivity renegotiates the position of fans as active contributors (Shimron, 2022), which is a determining factor of music value. This shift from passive to active consumption is where the practical model shows crucial overlap. Valuable output in the music industry nowadays is highly reliant on interaction and co-creation through digital innovations (Wang & Majeed, 2021), which is an opportunity for NFTs to harness. Because whilst current technological advancements already provide opportunities for co-creation, NFTs take it to the next level through disintermediation and investment opportunities. Artists, but also entrepreneurs have the ability to change their business model accordingly to obtain a more competitive position in the music market.

And interestingly, these business model innovations show large similarities of traditional business models (i.e., selling CDs) translated to the digital environment. Building on this, this allows to operate in a wider range, and promotes effective management of technologies and their affordances (Li, 2015), as with NFTs.

5.1.2 Increased musical value

Extending on this, the value of music simultaneously shifts through NFTs. And with the connection of material and immaterial value within the creative industries (Abbasi et al., 2016), the interplay of musical value with the fan-artist connection makes sense.

Perhaps the most crucial notion of blockchain and NFTs when integrated into the creative sector is the disintermediation (Laurence, 2019; Sarmah, 2018; Takahashi, 2017),

which is the most worthwhile influence of NFTs on the music industry for artists, entrepreneurs, and consumers. Considering the monopoly of these intermediaries contemporarily, their absence logically unlocks new opportunities for the other stakeholders in the value chain.

Normally, intermediaries in the music industry have the biggest say in production and distribution of musical output (Mariuzzo & Ormosi, 2022; Takahashi, 2017). Nowadays, streaming services are one of the most dominant players in this supply chain, of which major labels are the strongest stakeholders (Mariuzzo & Ormosi, 2022). These intermediaries have always been necessary for music distribution, especially in the highly competitive field of music today. It is a dynamic that makes rights for artists and their (creative) freedom limited, having to adhere to these intermediaries' desires for successful output. Music production has thus always been shaped by commercial gain, which the integration of NFTs could potentially tackle for the better.

“For one assignment, we were literally sent a few words that were then ‘hip and happening. Those then had to appear in the track.”
(Marinka, music artist)

The declining necessity for intermediaries in the industry through entrepreneurial opportunities solves the historical conflict artists continuously had with the middlemen about rights and freedom (Peltz, 2011). NFTs can be gathered under these entrepreneurial ventures as the next innovation, offering opportunities for artists to become even more self-sufficient. In extension, distributing music without intermediaries, who can cause conflicts of interest, thus allows for more creative freedom.

Because NFTs decentralize distribution away from intermediaries, streaming services led by algorithms are also not determining for musical output anymore (Guion, 2023; Goodrich, 2019). Artists thereby are not urged anymore to adapt to performance data detrimental to their musical authenticity, which can revive musical value in extension. By regaining the creative freedom to make music more personally, authentically related to the artist, it provides a welcoming effect for artists and consumers.

“I think it certainly is going to increase the value of music.
[...] Also, I think that that authenticity of the artist will
return. Indeed because the music will be more personal.
More appropriate to the artist themselves.” (Marijn, industry entrepreneur)

Also here, this revival of musical authenticity in extension creates more value in the digital society. Research by Strand (2013) on authenticity in popular culture has conceptualized it similarly as a form of worth, which explains why stakeholders connect much value to authentic production within the realm of popular music. Thus, given that creative freedom through NFTs would urge artists to produce music less subject to popular sound and from an entrepreneurial position, music could qualitatively increase for consumers (Hoag, 2008) according to their desires. In extension, this supports a direct, two-way interaction for value transmission and co-creation, also increasing the value in output (Wang & Majeed, 2019).

For media entrepreneurs especially, who want to add independent voices to the media marketplace to incorporate value to society (Hoag, 2008), NFTs provide a meaningful tool. And being that (media) entrepreneurs are likely the core investors in this blockchain technology, it could thus democratize the industry to make it fairer. But more importantly, support the output to become more authentically valuable – isolated from sole commercial gain and more tied to societal value.

Altogether, this proves that even though the music experience did enhance and diversify contemporarily to a certain extent, NFTs foster a renewed fan-artist relationship that is meaningful to the value chain as a whole. Because as this research shows, the many indirect incentives of NFTs create opportunities that respect a much wider range of entrepreneurs.

5.2 The renewed sense of autonomy

5.2.1 Changes in listener autonomy

The control one has over their music consumption has drastically changed throughout the past years. Music distribution and consumption is centralized around streaming services, reliant on algorithms and data (Guion, 2023), which poses the question of how autonomous music consumption truly can be within a filter bubble - and how this would be affected when NFTs would come into play.

As research (Guion, 2023) similarly shows together with interview results, this algorithmic personalization has made music consumption easier, but simultaneously prone to less awareness and more shallow consumption - as it gives consumers great quantities of the same music. Logically, artists and entrepreneurs have also adjusted their work to fit this shifting dynamic of how audiences interact with music. Whether it's through intensifying the first ten seconds of a song, or including certain words that are easily picked up by recommended playlists, the supply- and value chain of music seems to have become entirely adjusted to these new paradigms.

But now, this shift has highlighted the desire of consumers to make the music experience more active and engaging again - for which NFTs offer the solution. In the contemporary creative economy, where there is a call for all-encompassing, social experiences through digital innovations (Abbasi et al., 2016), NFTs have the potential to add significant value. Furthermore, both these increased social interactions and the opportunity for valued feedback give consumers the exclusive experience that adds to the value creation process in-turn (Abbasi et al., 2016; Rabinowitch, 2020). Overall, consumers want to become more consciously engaged with what they listen to. Artist personal stories, consciously choosing music consumption, and being part of an exclusive music experience are all attributes that could contribute to this.

Still, there is uncertainty whether consumers would ever be able to trade the accessibility and convenience of streaming platforms - which NFTs do not offer initially.

“I love radio’s on Spotify. So good, they’re so spot on.

[...] I’m a lazy girl, and I like it to come to me.” (Rosa, music consumer)

Consumers have become highly comfortable with the trade-off of personal data for communication services, which happens when personal data is used for algorithmic recommendations (Hagen, 2021). This only confirms the habit for consumers to remain in this realm, and to not shift entirely to a new, unfamiliar mode of music consumption. Consumers are aware of their passive, less autonomous position as a consumer, being guided by these algorithms largely. And though NFTs do bring a different perspective to this that is welcome, it will not be able to replace streaming services and their unique offer of convenience. Likely, this is mostly a risk only more active/invested music fans are willing to take.

“I’m pretty sure there are people, like crazy fans, that are so wanting to have all the benefits and everything.. I think they would be willing to spend that money.” (Hanna, industry entrepreneur)

Approaching NFTs as an innovative take on the ‘direct to fan’ platforms presented by Haynes and Marshall (2017) as a successful tool for music entrepreneurs, it has the opportunity to mutually work in hand increased entrepreneurship whilst enhancing autonomous listener experience to work towards creative economic growth simultaneously (Abbasi et al., 2016; Hoag, 2008). Again, it highlights a notion of value co-creation NFTs offer, which is what the music industry does need. Even if these entrepreneurial efforts are not revolutionary, they are still increasingly recognized as meaningful influences to the industry (Edmondson, 2008).

5.2.2 Strengthened artist autonomy

This new sense of autonomy also extends to the artists in regaining control of their work. Whilst the current state of technological innovations in the music industry already offered many opportunities for artist independency in itself, integrating NFTs is expected to extend this beyond limits. Music production was already highly accessible, but distribution has always been monopolized by labels and publishers (Mariuzzo & Ormosi, 2022). However, even the position of these intermediaries is threatened by NFTs offering a tool for artists to self-distribute.

Bearing in mind how streaming technologies caused intermediation within fan-artists relations, research by Sintonio and Nucciarelli (2018) already put forward how blockchain could solve this. But embedded in this disintermediation is the notion that artists more importantly get the control to create and capture the value from their own products independently (Sintonio & Nicciarelli, 2018). And additionally argued by participants and research, this only makes royalty payments and artist rights more efficient and fair: an industry dynamic that should have always been installed.

“If you can keep the revenues almost fully yourself, instead of putting it through a distribution channel like Spotify. That is very interesting, of course.” (Marijn, industry entrepreneur)

Distribution through NFTs allows for artists to keep most of their rights and revenues, which encompasses the most relevant and welcoming value for artists and the entrepreneurs.

Historically, this tension has plagued the industry from top to bottom (Peltz, 2011), as intermediaries caused inefficient systems of royalty payments for decades (Sitonio & Nucciarelli, 2018). So when these middlemen are cut out when directly distributing musical output across consumers, it increases value in multiple ways. Artists have more financial gain, regain the sense of control over their work, and thus feel the freedom to produce more creatively according to their personal 'brand'. It demonstrates how these separate notions of fairer artist rights and creative freedom are thus in constant interplay. Overall, the music industry could become more artist-centric through NFTs, as the technology allegedly does generate transparent distribution of records and faster royalty payments (Patrickson, 2021). Whilst this expectation does not seem wrong, the results do show some friction with these conclusions.

On the other hand, the risks of NFTs would imply some downsides that artists also cannot ignore. Whilst music distribution is direct and allows artists to keep most of the profits, the question of whether these revenues would be profitable enough remains. Even though artists and entrepreneurs have many opportunities for independency without middlemen like labels, the success they will reach in this realm is expected to be modest (Walzer, 2016). Output, even through NFTs, needs buzz to become successful, for which intermediaries are crucial. It means that, if NFTs would ever become truly successful amongst the larger scope of artists, the risk of music consumption through NFTs centralizing around bigger artists with established fanbases mainly also increases.

However, leveraging these challenges for independent artists, it does offer opportunities of entrepreneurs and start-ups to vertically integrate into the value chain (Peltz, 2011). Integrating these NFTs creates new ventures, for which independent artists require support and collaborative effort, by which entrepreneurs and artists do have the ability to develop into small-business owners (Walzer, 2016). Because the aforementioned artist-centric shift NFTs could work in hand, do open up the industry to include more entrepreneurs. And for this creative market to grow further, the industry has to openly innovate to these entrepreneurial efforts and blockchain innovations (Patrickson, 2021).

5.3 Fostering shifts in industry dynamics

Through these potential changes of value within the industry, certain shifts within current music industry dynamics are inevitable. As technological innovations and music digitization have already shown (Figure 2 & 3), new links within the supply- and value chain are to be expected with advancements like NFTs. Though these are merely prospects, the interconnected notions of value for industry stakeholders do point to how the music industry could change through NFTs - and how it couldn't. Because even though the shift highlights renewed autonomy and opportunities for independent value co-creation through NFTs on the one hand, these new opportunities will likely exist next to the established intermediaries in the industry. But most importantly, the interplay of these results and theory implications inherently show a strong call for entrepreneurial activity for the music industry to stay balanced nonetheless.

5.3.1 Prospected co-existence with intermediaries

The general perception of how NFT's could take their place in the contemporary music industry is divided, but there is one common conclusion that can be drawn from all themes: it is not expected that NFT's will entirely revolutionize current dynamics and replace the role of core intermediaries. Considering that historically, established music industry giants have openly innovated their business models and managerial implications to fit technological innovations (Urbinati et al., 2019), it is logical to assume that the integration of NFTs will be handled the same. If major established organizations have accurate, managerial implications of how to respond to these changes, their role within the industry will likely not be lost (Urbinati et al., 2019; Takahashi, 2017). NFTs can however offer an interesting additional tool next to traditional streaming services for people who want to invest in their favorite artists, for artists who want full autonomy over their music distribution, and for entrepreneurs to fill in new gaps in the value chain – fostering a renewed industry dynamic in turn.

“I don't think labels will ever completely disappear or anything. But
I do think that artists will be placed in a 'higher' place.”
(Marijn, industry entrepreneur)

But considering the threat of inequality for independent artists through the integration of NFTs especially, intermediaries are necessary to maintain a certain balance in this. Though

integrating NFTs might therefore not directly cause revolutionary shifts regarding positioning within the industry, it can be concluded that NFTs could restructure the industry to democratize (Sarmah, 2018; Takahashi, 2017) and give artists bigger voices, on the other hand. Partnering with intermediaries and partner organizations is still necessary to attract the audience and divide the supply chain to actors with relevant expertise. Still, NFTs can function as a tool of ‘leverage’ for artists to practice more of their autonomy and creative freedom as well. It again supports the notion that blockchain technologies like these could make the music environment more artist-centric (Patrickson, 2021), opening up the industry to include entrepreneurs. This networking and collaboration with external actors in the music industry is crucial for valuable output (Wang & Majeed, 2021), thus making the co-existence necessary for the music market to innovate further.

5.3.2 Opportunities for entrepreneurship and value co-creation

Within this research, there is an increased focus on how NFTs integrating in the music industry could be valuable for (media) entrepreneurs specifically. Interestingly, despite this being hard to grasp through research data, the conclusion can be drawn that entrepreneurship for the music industry is becoming crucial in value creation - for which NFTs have the potential to act as the driving force.

“The less you have to sell your soul [to other intermediaries],
the more soul stays to put into your music.” (Marinka, music artist)

NFTs offer strong opportunities for artists and media/music entrepreneurs to independently distribute music, through which they keep control of their own music and revenues. As for startups and entrepreneurs, the restructuring and reinvention of industry dynamics through these innovations could help them become relevant collaborators within the music industry value chain. Because NFTs can create new links within the value chain, it logically opens up new gaps for other stakeholders/actors to jump into. More importantly, the reinvented sense of value co-creation with an audience, which relies heavily on active engagement and networking, is a core entrepreneurial opportunity offered by NFTs that can develop value beyond traditional limits.

“It does give an extra dimension to the music industry. [...] It could also be something to enhance your festival experience, or give an extra dimension to the festival. So in that respect, it would be really cool, because then it might be something you can pioneer in.” (Zoe, industry entrepreneur)

When taking into consideration how blockchain has elevated the creative industries through collaboration and co-creation of value with entrepreneurs and other industry actors (Kostovska, 2022), it only proves the increasing significance of entrepreneurship through NFTs within the music industry to create value. Especially in creative industries, collaborative efforts and working together in entrepreneurial contexts promotes creative efficiency in extension (Klerk, 2014), which further explains how entrepreneurial music production also increases creative output (Walzer, 2016). And though expectations might not see an interplay between established organizations and entrepreneurship, incumbents are starting to increasingly recognize their efforts (Edmondson, 2008). Because, as the creative economy is taking up more space, entrepreneurial efforts are needed for innovation, growth, diversity, and quality within these sectors (Hoag, 2008). NFTs have the ability to foster these efforts, diversifying the field with independent voices (Hoag, 2008) and increasing co-created output. And whilst this might not bring about revolutionary shifts of power within the industry, there is significant value to these efforts - even through fewer entrepreneurs within smaller subcultures (Edmondson, 2008).

Connecting these practical and theoretical implications together tells us that, though current dynamics within the industry do not necessarily translate to a renegotiated music industry value chain, the industry should actively invest in entrepreneurial activities for it to innovate, flourish and economically grow.

Reflecting on this, the integration of NFTs in the industry would likely translate to a model of co-existence with streaming services. It supports the historical perspective of intermediaries innovating and staying relevant through digital innovations (Urbinati et al., 2019; Guichardez et al., 2019), whilst also weakening expert opinions on the revolutionizing and redefinition of the music industry with NFTs (PwC, n.d.; Fatemi, 2022). Not anytime soon, if ever, will blockchain technologies like NFTs push streaming services from their throne. Consumers are not willing to let go of the convenience it gives them, as implied before. And similarly, the risks of exclusion and loss of an audience are too considerate for

artists and entrepreneurs to overlook. However, it does still pose a very interesting and effective additional platform for music consumers who look for a different music experience and for artists and entrepreneurs to increase their value.

5.4 Threats to potential NFT value

Every development has its benefits and downsides, which is no different for the innovation of NFTs in the music industry. Because whilst practical implications show many positive potentials of NFTs for music production, distribution, and consumption, the risks diminishing this value for industry stakeholders must be considered. Interestingly, though perceptions and beliefs about NFTs are widespread, there are two clear threats that withhold the true potential NFTs could have: 1) the lack of education and trust in extension, and 2) the uncertainty of the financial value of NFTs - underlined by their familiar fluctuating nature.

5.4.1 Lack of education

“I think knowledge is very important. Because I think there’s definitely potentials, but it’s just if you have the knowledge or not.” (Rosa)

The predominant disadvantage of NFT integration in the music industry value chain is the lack of understandable information available on the technology. Because whilst ‘blockchain’ and ‘NFTs’ are familiar in concept, their definitions and implications for use are still largely unknown. And though NFTs prove to have much potential value embedded, it will never come into its own if stakeholders do not know what it entails - let alone what potential value it could hold for them.

This need for education is a crucial factor if the NFT technology ever wants to succeed, also within the music industry. Especially when considering that the music industry value chain is highly reliant on the consumers, whose position is even stronger after digitalization and technological advancements allowing them to co-create (Hadida & Paris, 2014). It proves that the larger scope of music consumers should understand NFTs and its use for them in their consumption habits, also to help tackle the potential inequality for independent artists in the industry. Now, this lack of knowledge and information works difficulties of user experiences with NFTs in hand, which is a main disadvantage restricting the potential of the technology (Senkardes, 2021). Accessible and reliable information and education for consumers across all music subcultures can thus develop a sense of trust

towards the technology and its relevance to them. As also posed by Jones, (2017), trust and good communication are core factors when sharing information on technological innovations with the intended customer. Only through this can new technologies like NFTs ever be adopted, and its value flourish to become integral for industry stakeholders.

But for these user experiences to ever be enhanced, stakeholders need to develop a sense a trust - for which artist pioneers could act as a driving force next to (or perhaps intertwined with) knowledge sharing/obtaining. Understandable information provided by trustworthy, public figures is seen as practically the most successful way to achieve this, in light of interview results and previous research – where celebrity trust is positively related to notions of credibility (Hussain et al., 2020).

Despite this threat, the challenges can hence still be leveraged to increase NFT value and integration into the industry, as literature shows in light of results. In short, it creates a virtuous cycle where information from pioneers builds trust, making NFTs more credible and thus increasing their value (Figure 8).

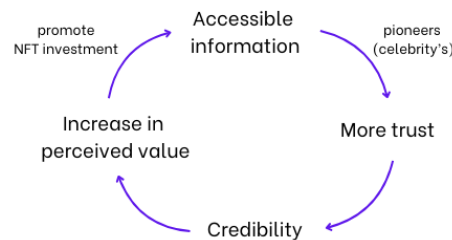


Figure 8: Visualization of how accessible information could enhance NFT value

5.4.2 Financial uncertainty

Technological innovations through digitalization have made many aspects of daily lives effortless and quicker. Consuming music has become more passive, diversified, and easy with the rise of streaming services and social media. Where consumers had to pay per song in the past, music consumption revolutionized to become a realm of all music for the same price (Sitonio & Nicciarelli, 2018). The value for money aspect now plays a large role, as almost all music now seems to be readily available for a low price. Music has become a convenient activity for people (passive music consumption), which is a consumption realm that is hard to compete with.

“I want to say that it [conscious music consumption] is not preferable. When I compare it with Spotify and like, Spotify radio and stuff like that. Like, I would have to go make that myself. I don’t think I would be able to.” (Rosa, music consumer)

NFTs are an attractive tool in the music industry for consumers and artists to invest in, because it offers value that is innovative to the industry. However, despite the exclusivity, the success of NFTs is still dependent on its financial costs – from both production and consumption sides.

Spotify as the main alternative offers a lot for little financial loss, which consumers have evidently started to attach much value to. People have become comfortable sharing personal information for such convenient, cheap services, proving how important the financial aspect has become in the music experience. Because the prospect shows that NFTs likely do not have the same financial system in place, it poses resistance to the value NFTs could reach within the music industry. And whilst NFTs offer an exclusive opportunity for complete independence for artists, the success and financial gain in extension is anticipated to remain modest for smaller artists (Walzer, 2016). It spreads doubt on if NFTs are worth investing in for (musical) entrepreneurs.

Lastly, though this conclusion has to be carefully made, results do show that this investment might be an opportunity of interest for the niche group of music consumers who are considered to be the ‘big fans’. Considering that these communities are traditionally used to spending more resources on artists and fan experiences, NFTs would be the most worthwhile to them - and something they thus invest more in financially.

“I just observe this crazy Taylor Swift community, and it’s crazy how obsessed people are with one artist. If she would, for example create an NFT where you could have... I don’t know, even a few minutes of contact with her. I think that would just emotionally make someone’s day. [...] A closer connection with the artist can create huge value for them.” (Hanna, industry entrepreneur)

However, if these NFT investments were ever to become financially more accessible to a larger audience (e.g., comparable to iTunes), and additionally more stabilized, consumers would be willing to make such an investment - especially when knowing revenue distribution would be fairer and equal.

Essentially, both of these implications strengthen the conclusion that, for NFTs to become worthwhile to a larger scope of consumers and artists, collaborative efforts with intermediaries will be required. This interaction will distribute the costs of production, and simultaneously be able to keep the output through NFTs financially more attractive to music consumers as well.

As the discussion shows, the interconnection between themes is largely embedded in the ever-present notion of value co-creation. In enhancing the position and experience of these stakeholders in the value chain through fan-experience, autonomy, and entrepreneurial efforts, overlapping tendencies highlight how these indications of value can only be established through collaborative effort. Within literature, this notion is not new nor under researched, especially in the context of the music industry. Additionally, the disintermediation and partaking of consumers through NFTs is highlighted by scholars and industry experts. However, this model of practical, entrepreneurial implications for industry stakeholders to co-create value does add to the current scope of knowledge on NFTs. As opposed to the results, it does not simply give straight forwarded, theoretical implications of value. Rather, the model (Figure 7) provides a structure to leverage for the smooth implementation or redefining of links in the supply- and value chain.

6. Conclusion

It is safe to say that blockchain technology and NFTs have already disrupted parts of the creative industries, and the music industry is starting to test the waters. Early experiences show that NFTs hold an additional value that can potentially reshape some key elements of the music industry value chain.

“This is a music industry development that is still in ‘children’s shoes’, so to say. We don’t know much about it yet, but it shows some promising implications for the future.” (Noa)

Having said this to many interview participants, in hindsight this encompasses precisely the common thread running through this study. Technological disruptions in the music industry are historically so familiar, yet new innovations always seem to surprise us – which is no different for NFTs innovating the music industry. Blockchain and NFT are known concepts by many, but their expected implications for a future within music is a topic of discussion that the core stakeholders within the industry are careful to touch upon. Still, some general beliefs and perceptions derived from in-depth interviews with music consumers, artists, and entrepreneurs provided meaningful structure for future adoption.

When thus answering the core question ‘*What potential value could the integration of NFTs into the music industry offer various stakeholders in the industry value chain, including (media) entrepreneurs?*’, four main themes of value creation through NFTs were analyzed in connection to the relevant literature set out in the theoretical framework.

If NFTs were to successfully integrate with the music industry, it could not only largely 1) enhance the music experience for audiences and artists, and give them 2) a renewed sense of autonomy in this. Most importantly, it provides 3) new insights and opportunities for entrepreneurial activity and value co-creation, fostering shifts in the music industry. By enabling artists and entrepreneurs to operate more independently, and by fostering active engagement with audiences, NFTs can drive innovation, growth, and creative output within the industry through value co-creation. To fully realize these benefits, the industry must actively support and invest in entrepreneurial activities. On the other hand, for these notions of NFT values to ever be effectively carried out, 4) the lack of accessible information and financial concerns are core de-valuing challenges that need to be addressed appropriately. Important to note however, is that this reshaping will not translate to a revolution for the music industry. Established organizations and majors are expected to retain their power, and

openly innovate to maintain their positions, preventing the industry from restructuring too drastically. Core conclusions in this research highlight the necessity of intermediaries in this music industry dynamic, which is not expected to change in the future of the industry either. NFTs in the future will likely provide new tools for consumers and artists to experience new fan-artist relations and create different value through this – both material and immaterial. But especially for entrepreneurs, it additionally opens up entrepreneurial ventures and suggests innovations for effective business model development.

6.2 Limitations & Future research

Whilst it was previously known that this research was a new area of exploration academically, I did experience the small scope of studies out there on NFTs to be somewhat limiting to the research in general. More academically provided information on the subject would have offered a richer foundation for the discussion and conclusions made. Hence, it would be interesting to see how this study would be replicated once there is more information and knowledge on NFT's and how they function over a longer period of time within a comparable field.

Building on this, NFTs as a new technology were also largely unknown to me when starting this research project. Whilst it did make the study engaging and the interviews with participants a more in-depth experience in which meaning was constructed together, I do think a more comprehensive understanding of the topic (through personal experiences) would have supported a more critical interview process in which more details from the data could have been highlighted. Hence, it would be interesting to see if further education and a better understanding of the NFT and blockchain technologies would bring various other areas and values to light within the same study.

The novelty of this technology and the under-researched academic area in extension makes this study very relevant, but also highlights the need for further academic investigation on the widespread effects of NFTs. What stood out during the research for this paper was how unaware both music consumers and entrepreneurs might still be of the effect and power of the current industry dynamics – and how it affects their music habits in extension. Hence, a field research in which habits are analyzed from a third-party perspective could enrich the scope of NFT literature. As this could directly get a grasp on what is actually (and perhaps subconsciously) most important to people when engaging with music. I believe that these insights could then shed a more honest, and practical light on how NFTs could use its potential to fill gaps within the current music industry.

Additionally, the difference of results across music preferences/genres unveils a second area for future research which could obtain practical knowledge. Not necessarily stated specifically but concluded through the post-interview analysis, certain differences in opinion from interviewees comes from their specific perspectives and preferences – which was often predominantly influenced by the field of music they were most engaged with. Building on this, it would be interesting to see the explicit differences between music subcultures and how (and if) they would react differently to the NFT technology and its possible adoption.

“In the 21st century, to be a musician is to be an entrepreneur.” (Coleman, 2018). In reflection on this research, this statement is becoming more fundamentally true to me – especially for the future of the music industry with NFTs. Entrepreneurial activities prove to feel inherently risky and threatening to music industry stakeholders, but are undeniably necessary to keep the music industry healthy and open to value co-creation. The global music sector is sensitive to change, but has historically always been able to hold strong through all digital reconfigurations. While NFTs promise to revolutionize the music industry by fostering new entrepreneurial ventures, it is the ingenuity and drive of entrepreneurs and value co-creators that will truly unlock their potential, propelling the industry into a new era of innovation and growth.

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Appendices

Appendix A: Interview guides

Sample 1: Audience

Connection to/positioning in the music industry

1. Do you consider yourself to be an active music consumer?
2. How often do you engage with music?
3. What does music mean to you?
4. What role does music play in your life?
5. Can you describe how you engage with music?
6. What technologies do you use when engaging with music?
7. What do you know about contemporary music industry dynamics?

Knowledge of/experience with technological advancements and NFTs in the music industry

8. What technological advancements in the music industry do you consider to be innovative?
9. How have these innovations influenced the music industry?
10. How do you think these technological advancements influence your music consumption?
11. Which technologies would you like to see used in the music industry, and why?
12. What do you think will be the role of blockchain technology for the music industry?
13. Which aspects of blockchain technology will be helpful for value creation, value storage or other important aspects in this context?

14. What do you know about NFTs?
15. What are benefits of NFTs to you?
 - 15a. What could these benefits bring to the music industry?
16. What might be some risks of NFTs?
 - 16a. How do you think these risks could influence the music industry?
17. How do you expect NFTs to develop in the future?
18. How do you think NFTs are/could be related to the music industry?

Consumer value

19. How do you think the implementation of NFTs could influence how you experience music as a consumer?

20. How do you think NFTs could affect the availability (and variety) of music information for you as a music consumer?
21. Do you believe NFTs could help you find more/diverse music unlike other technological advancements? How?
22. How do you perceive possible music consumption without streaming services acting as the middlemen? Do you think it would change your music consumption experience?
23. Do you think music through NFTs would become more valuable to you as a consumer? In what way?

Fan-engagement

24. How do you think NFTs could help you feel closer to artists and their art?
25. Considering that NFTs unique and non-fungible, do you believe these characteristics could translate to a similarly more unique fan-artist connection?
26. How do you think NFTs could influence the sense of community of fellow music consumers?
27. Do you think implementing NFTs in the music experience could influence your sense of loyalty towards the music artist in question? If so, how?
28. How do you think NFTs could influence your autonomy as a music consumer? And would this be a preferable impact?

Sample 2: Artists

1. Can you describe what your connection is to the music industry?
2. In your own words, what is your current position in the music industry?

3. How often do you engage with music?
4. What does music mean to you?
5. What role does music play in your life?
6. What technologies do you use to engage with music?

7. Could you describe the contemporary music industry from your perspective?

Knowledge of/experience with technological advancements and NFTs in the music industry

8. What technological advancements in the music industry do you consider to be innovative?
9. How have these innovations influenced the music industry?
10. How do you think these technological advancements influence the way in which you produce music?
11. Which technologies would you like to see used in the music industry, and why?
12. What do you think will be the role of blockchain technology for the music industry?
13. Which aspects of blockchain technology will be helpful for value creation, value storage or other important aspects in this context?

14. What do you know about NFTs?
15. What are benefits of NFTs to you?
 - 15a. What could these benefits bring to the music industry?
16. What might be some risks of NFTs?
 - 16a. How do you think these risks could influence the music industry?
17. How do you expect NFTs to develop in the future?
18. How do you think NFTs are/could be related to the music industry?

Value creation

19. How do you think implementing NFTs could change the quality of your musical output?
20. How could NFTs influence the engagement or relationship you have with your listeners?
 - 20a. Do you think it could have an impact on consumer loyalty towards you as an artist? If so, what would this influence look like to your expectation?

21. (How) Do you think implementing NFTs in the music industry could promote co-creation with your audience/consumer participation in creating value?

21a. Is this a beneficial development?

22. How do you think NFTs could influence the accessibility of your work/resources to you and other actors in the industry value chain?

Industry dynamics

23. What effects do you expect NFTs in the music industry to have on your (sense of) autonomy as an artist?

24. Do you think this blockchain technology could make copyright laws fairer?

25. Would the implementation of NFTs in the industry change your positioning as an artist?

If so, how?

25a. What impact would it have on your relationship with established industry organizations such as record labels or your management?

26. Do you think industry dynamics would become more equal/healthier through utilizing NFTs?

27. Is there something the NFTs or blockchain technology may not achieve?

28. What would be your wish to make this achievement possible nevertheless? What would have to happen for that?

Sample 3: Industry Entrepreneurs

1. Connection to/positioning in the music industry
2. Can you describe what your position is/what you do in the music industry?
3. How often and how do you engage with music?
4. What does music mean to you/what role does it play in your life?

5. What does your company do in the music industry?
6. What is your company goal/mission in the music industry?
7. What is your perspective on the current music industry and its dynamics?

Knowledge of/experience with technological advancements and NFTs in music industry

8. What technological advancements in the music industry do you consider to be innovative?
 - 8a. Which of these technologies have you already utilized?
9. How have these innovations influenced the music industry?
 - 9a. Have they had an effect on the positioning of the company you work for within the music industry?
10. How do you think technological advancements influence your work/ how you work with music?
11. Which technologies would you like to see used in the music industry, and why?
12. What do you think will be the role of blockchain technology for the music industry?
13. Which aspects of blockchain technology will be helpful for value creation, value storage or other important aspects in this context?

14. What do you know about NFTs?
15. What are certain benefits of NFTs to you?
 - 15a. What could these benefits bring to the music industry?
16. What might be some the risks of NFTs?
 - 16a. How do you think these risks could influence the industry?
17. How do you expect NFTs to develop in the future?
 - 17a. How do you expect this to take place in the company you work for?
18. How do you think NFTs are/could be related to the music industry?

Value creation

19. How do you think NFTs could reposition the company you work for within the music industry?

20. How do you think implementing NFTs will influence the company goal/mission you work for?

21. How do you think the value of your work will change when NFTs are actively used in the industry?

21a. Could it possibly work in hand value co-creation?

22. How do you think NFTs will influence the accessibility of your work/resources to you and other actors in the industry value chain?

Industry dynamics

23. What effects do you expect NFTs in the industry to have on the current power dynamics in the industry?

23a. Do you think it would change the current relations your company has with its clients and stakeholders?

24. How do you think your company would (or maybe even should) respond to these developments?

25. Do you think this blockchain technology could make copyright laws fairer?

26. Do you believe the current industry dynamics would become more equal/healthy through utilizing NFTs?

27. Is there something NFTs or blockchain technology may not achieve?

28. What would be your wish to make these certain wishable achievements possible? What would need to happen for that?