

# Paying the Piper in the Digital Age

Andreas Kaempf talking with Pastmaster Gavin Barrett

There can be few of us in the music community who have not noticed a growing clamour of news stories about the issues caused by the impact of technology on the profession and business of music – whether these stories are about music file-swapping over the internet (Napster et al), the collapse of investment in classical recordings, other than by organizations like the LSO which undertake them on their own account, or the replacement of half the live orchestra for the UK touring company of *Les Misérables* by a digital orchestral synthesizer.

It may be helpful for readers to have some briefing in advance of the deferred conference, which it has not proved possible to hold in March as originally hoped. To that end, we have invited Andreas Kaempf to explore for us the innate complexities of this revolution. He is an expert in the marketing of professional music organizations and one of a very small group internationally of systems dynamics modelers, who specialize in understanding why markets, institutions and individuals behave as they do in a given set of circumstances – in this case, the rapid deployment of digital technology in the business of music.

## Different Viewpoints

We start with the premise that there are many stakeholders in the music business. They are operating inter-dependently one with another to make what we think of as the music profession. At one end of the

value chain are composers and at the other consumers of music in its many forms, whether live or recorded or, with the internet, simulcast or time-shifted. In between, lies a galaxy of intermediary talent adding value – teachers, performers, craftsmen, lawyers, engineers, entrepreneurs, financiers, publishers, media professionals, concert halls, studios and so on. Here is a diagram that shows, at a high level, how these stakeholders are connected.

Not all of these intermediaries are as secure as once they were. The multi-million pound investments once needed to produce catalogues of commercially viable recordings, for example, are now being replaced by artists making their own recordings with equipment costing a few thousand pounds and arguably as good as its precursors. Publishers too are seeing composers adopt self-publishing as a better way forward for exploiting their intellectual property. The rapid increase in the numbers and quality of digital radio channels worldwide is enabling musical organizations to get 'on air' without the control of vast, centralized, broadcasting corporations – a very real threat to the future of the BBC and the formidable music showcase of The Proms.

Those of you concerned with the development of audiences, through music education, or the preparation of artists for a fulfilling and economically viable career as professional musicians, must inevitably take note of these many changes going on. The question needs to be put – just what world of music are our fine Conservatoires producing artists for?

Those of us looking at the changing phenomena of music take comfort from the

fact that the creative urges seem to be as potent as ever and, in spite of the insidious dumbing-down by so many elements of the media, the demand for high quality performances, live and recorded, remains unabated. However, since the consumers of music must in the end provide the economic means whereby the artist lives (at least in principle!), the satisfaction of audience needs has to be undertaken with a clear premise that music should be paid for. That, sadly, is not necessarily understood by millions of consumers the world over, who have become used to the free or near-free transfer of intellectual property between consenting adults and children.

The owners of these rights may be determined, may have the law on their side and have access to clever technology, but the fact remains that a large part of the global market for music operates on a free-transfer basis. The knock-on effect is self-evident – it becomes harder and harder for commercial enterprises to make an economic return on their investments in the creative process. Understandably, they choose to make returns for their shareholders in other, more controllable ways. We should not wonder then that even artists of the highest repute are finding that the number of contracts, with the major record companies, they have to make successful recordings have dwindled to a trickle.

Not that that is all bad news. The number of niche record companies, with low overheads, clear vision as to the gaps in the markets (and the markets in the gaps), is again growing – many of them owned by

## Music stakeholders along the traditional value chain

Creators	Enablers	Organizers	Producers	Distributors	Consumers
Performers Orchestras Chamber Soloists	Educators Conservatoires Teachers Schools	Orchestras choirs etc	Festivals promoters	Radio stations	Radio webcast listeners
Composers	Sponsors	Amateur groups	Record companies	Venues	Concert goers
	Instrument makers		Film studios	Music web sites	Record buyers
	Scholars		Publishers	Record stores distributors	Film viewers
	Technology providers		Agents	Cinemas	Amateur musicians