

December 2005

Investigation of the Value Chain for Creative Products: A Phenomenological Study of the Perceptions of Music Intermediaries

Belinda Moloney
Deakin University

Follow this and additional works at: <http://aisel.aisnet.org/acis2005>

Recommended Citation

Moloney, Belinda, "Investigation of the Value Chain for Creative Products: A Phenomenological Study of the Perceptions of Music Intermediaries" (2005). *ACIS 2005 Proceedings*. 52.
<http://aisel.aisnet.org/acis2005/52>

This material is brought to you by the Australasian (ACIS) at AIS Electronic Library (AISeL). It has been accepted for inclusion in ACIS 2005 Proceedings by an authorized administrator of AIS Electronic Library (AISeL). For more information, please contact elibrary@aisnet.org.

Investigation of the Value Chain for Creative Products: A Phenomenological Study of the Perceptions of Music Intermediaries

Belinda Moloney
School of Information Systems
Deakin University
Email: bmo@deakin.edu.au

Abstract

During the past decade, innovative digital technology and Internet marketplaces have created a variety of 'phenomena' of businesses, media and institutions considered to be important interaction channels in the music industry, along with an influx of Peer-to-Peer services such as Napster, and Kazaa shifting the business models of major music labels and distributors. Considering the Australian Music Association reported an annual retail turnover of approximately \$300 million in 1992 and later in 1999, an increase in figures reported at \$396.8 million with the inclusion of music DVD sales, the notion of value-adding to a music product emerges as a profitable venture at each length of the music industry's value chain. In spite of this, Australian studies have often overlooked the underlying perceptions, fears and ideas of those working within the value chain, especially regarding the impact of new technology on their roles. This paper identifies the perceptions of various intermediaries within the Australian Music Industry, identifying common themes and viewpoints amongst the study's participants. Consequently, the paper concluded that the perception of value in the music industry is somewhat influenced by a variety of factors, including music knowledge, communication and dependence on intermediaries to name a few. Common themes were revealed throughout the study include the perception of competitive advantage, new opportunities from new technology and the notion of defining a gimmick versus Value-Adding emerged as indicative of adding value from the study participants.

Keywords

Phenomenology, Value-Adding, Supply Chain, Perception of Value, Music Industry.

INTRODUCTION

Overview of the Area

The past few years have seen the rise in popularity of digital music trends, portable music solutions and even public-demand based music artists, including American Idol, along with the proliferation of different types of music businesses and mass media (Wallis, and Malm, 1984; Baker, 2004). In turn, this has created a variety of 'phenomena' of businesses, media and institutions considered to be important communication and distribution channels in the music industry, along with an influx of Peer-to-Peer services such as Napster, and Kazaa shifting the business models of major music labels and distributors (Barker, 2002; Wallis, et al, 1984, p.44). Considering the Australian Music Association reported an annual retail turnover of approximately \$300 million in 1992 (Sly, 1993, p.275) and later in 1999, an increase in figures reported at \$396.8 million with the inclusion of music DVD sales, the notion of value-adding to a music product emerges as a profitable venture (AMA, 1999, p.2; Baker, 2004). The concept of value remains a grey area within the music industry, specifically the notion of value through its intermediaries.

The concept of value is not readily defined unless the concept and nature of the 'value' in question is established, and this concept, "depends completely on customers expectations or their perception of value" (Trischler, 1996, p.7). Additionally, Porter (1985) remarks that "in competitive terms, value is the amount buyers are willing to pay for what a firm provides them" (Porter, 1985, p.33). Gibson (1968) asserts that providing "what the customer wants, when customers want it, at a price customers will pay" (Gibson, 1968, p.1) adds value, yet when you refine the customers need, it is realised that the perception of value entices a customer to choose a product another.

With the pervasiveness and global uptake of the Internet, the music industry has recently been transformed in a dramatically dynamic and interesting way. Once there only existed "costly 'middlemen' in the supply chain who add[ed] little of value and whose functions ...[could] be easily replaced or bettered by technology" (Chervokas, 2004, p.1), and it seems in the past few years, these 'middlemen' have been replaced using digital music techniques such as ProTools, and Internet marketing tools (Avid Technology, 2004). Within the music industry, each of these 'middlemen' known as intermediaries, ranging from sound engineers to journalists (Masterton and

Gillard, 1998, p.80-88), add their own element of value to the end music product that is purchased by consumers, and it is their own perceptions of their inputs into the final product that is valuable to this study.

Tyndall, Gopal and Partsch (1998) suggest that approaches to the global distribution of products are applicable to any supply chain, however when this approach is applied to creative products such as music, the quality of the product can be compromised and consequently results in a negative effect on sales trends (Cringely, 2002). The literature also reveals that in the wake of Peer-to-Peer services such as Napster, Kazaa, Grokster and Morpheus, "the record industry is slowly realising that a new commercial model needs to be created", and extends to the impact on other intermediaries, posing the question "what happens to the retailers?" concerning the shift towards online downloads (Barker, 2002, pp.1-2; Haque, 2003).

Focussing on adding value to music as a creative product is a significant area, considering the amount of demand for this type of product, such as CD's, MP3's. For example, international study's show that "out of 3,300 hours that a participant spends consuming some form of media, [a participant] will spend an average 257 hours or 7.8% of time listening to recorded music" (MacQuarrie, et. al., 2000, p.1). Australian Bureau of Statistics surveyed that at the end of June 2000, there were a total of "705 organisations in the music and theatre production industry" including approximately 10,000 employees and volunteers. The music industry generates approximately AU\$500 million revenue, which outlines the sheer size of the industry and its importance to the Australian economy (ABS, 2001, p.1).

Recent online distribution trends of the music industry have been widely publicised, yet much of the research work available in this area focuses on monetary value, piracy and copyright rather than the more intangible value that intermediaries within the value chain add to the music product (Baker, 2004; ABS, 2001). Furthermore, the majority of models for supply and value chains in business focus on the manufacturing and sale of utility and consumer products, which being predominantly demand-driven models do not adequately support distribution of supply-driven creative products such as music (Frey, 2004; Shread, 2004; Letts, 1996 and Haque, 2003). With the introduction of portable music solutions, online pay-per-song downloads, and the music industry's distribution channels recent overhaul, researchers have largely focused upon the use of technology such as Apple iPods™ (Shread, 2004), the monetary costs and benefits involved (Chariglione, 2003) and business model changes (Haque, 2003). However, these studies have overlooked the underlying perceptions and ideas of those working within the value chain, whose role and the role of others, contributes directly to the tangible and intangible value of the final music product.

MacQuarrie, et. al (2000) have highlighted that within the music industry, there exists a number of "costly middlemen" in the supply chain who "add little value and whose functions can be easily replaced or bettered by technology" (MacQuarrie, et al., 2000). Contrastingly, Masterton and Gillard (1998) disagree, noting that each intermediary serves a specific and important function, however evidence is lacking to confirm or deny the perceptions of each intermediary group as to their own input of expertise. Creative products hold a unique value that is intangible, yet these 'middlemen' are providing these 'functions' during each process of developing a creative product including stages of identification, financing, producing, distribution, and promotion (Chiariglione, 2003).

Within the Australian music industry, it is evident that our "music industry differs enormously" (Simpson., 1994, p.5) between Australia and international industries. Therefore, the results of this study could shift the focus of research to highlight the Australian music industry to provide a unique understanding of Australia's music industry, and its supply and value chain management from a phenomenological research angle, not widely used within the music industry.

Surprisingly, while various contemporary online distribution trends of the music industry have been formed and widely publicised, the value chain in this highly profitable industry remains an under researched area within Australia, with few exceptions, such as the work of Queensland's University of Technology (Ninan, et al., 2004). Indeed, much of the research into this area tends to focus on issues of monetary sales, piracy and copyright (Naraine, 2004; Shread, 2004), rather than the intangible value that intermediaries within the music industry's supply chain add to the creative product.

The main objective of this research is to provide an understanding of the significant perceptions and ideas, thoughts and fears of value chain intermediaries, as being influential towards the adding of value to a creative product such as a music release. Additionally, the research will aim to provide a unique understanding of Australia's music industry, and its supply and value chain management from a phenomenological research angle.

RESEARCH METHOD

Description of field procedures

The project reported in this paper is a small-scale exploratory study conducted using long interviews and qualitative data analysis. Phenomenological studies primarily comprise of "in-depth interviews" or long interviews, and Dukes (1984) "recommends studying 3 to 10" (Creswell, 1994, p.112) interviewees (Dukes, 1984; Creswell, 1994). This phenomenological method was used considering that it is suitable for the qualitative nature of the research and whilst a small-scale phenomenological study cannot generalise its findings, this method can offer indicative results from the extended answers of participants whom are experts working within the music industry (Creswell, 1994; McBurney, 1998). A series of semi-structured long interviews were conducted face-to-face and over-the-phone over periods of 1.5 to 2 hours time (Neuman, 1993).

The interviews for the study were conducted with *five* participants, each from different organisations and were recorded at various locations including Geelong, Melbourne, and Sydney. Participants who were interviewed are currently employed in the music industry with experience in one or more sectors of the industry ranging from 5 to 30 years. A non-random purposeful, or criterion-based sampling method was utilised to select participants, as the interpretation of participant's perspectives were an essential element and highly valuable to the study, in addition to their level of knowledge, qualifications and experience (McBurney, 1998). Study participants were selected based upon their association within the value chain of the music industry, their academic qualifications within this field, also their experience with the value chain, as it exists in their organisation and lastly, due to the likelihood that they have experienced a unique "phenomenon that occurs" amongst music industry intermediaries (Creswell, 1994, p.55). Most participants had experienced multiple intermediary roles throughout their careers, including roles as artists, event managing, sound engineering, and managerial roles. These roles are depicted in the following table and the identifying codes continue throughout the paper, referring to each interviewee in an anonymous manner.

Table 1: Participant identifying codes, and their roles in the Australian Music industry.

Participant Code	Role(s) within the Music Industry
Participant A	Sound Engineer, Venue Promoter
Participant B	Event Management, Marketing,
Participant C	Venue Promoter, Government Affiliate, Manager, Music Education, Musician
Participant D	Radio Broadcaster, Media Affiliate
Participant E	Artist, Recording Studio Manager, Sound Engineer

The "reduction and interpretation" (Creswell, 1994, p.154) type of method was used to analyse the series of long interviews, in order to obtain a 'higher level analysis' by taking the "voluminous amount of information...[then] reducing it to patterns, categories or themes" (Creswell, 1994, p.154). Kvale (1996) also recommends the notion of "condensing", categorizing and interpreting interview transcripts, as this is an effective method of interpreting large volumes of data and generating.

Description of methods

Based on Merleau-Ponty's (1962) work on perception, participants were invited to offer his or her thoughts, feelings, beliefs and ideas on their role within the value chain, and to form opinions and perceptions of the impacts of each intermediary's role to the end creative product (Macann, C., 1993). These long interviews were conducted over 90 minute to two-hour timeframes.

The paper highlights the initial phases undertaken in a series of progressive stages throughout a small-scale indicative project involving literature review, data collection stages, interview texts' analysis and analysis, to correspond in-line with the cyclical stages of hermeneutical interpretation of data (Moustakas, 1994). Phenomenological method, as conceived by Husserl (1965), focuses on capturing an understanding of a phenomenon that occurs, and establishing its significance. This method was further enhanced by Heidegger's (1962) observation of phenomenon, integrating the natural biases that exist as preconceived ideas within a researcher and reinforcing the validity of the results by identifying these biases with his "bracketing technique" (Heidegger, 1962; Husserl, 1965; Macann, 1993).

Depicted as a "descriptive science"(Macann, 1993, 161-2), Merleau-Ponty (1962) emerged with his philosophy on phenomenology with the incorporation of external perceptions, stating "the world is presented first of all as it exists for objective thought" (Macann, 1993, p.170). His philosophy further explicates that the perception of an individual varies from the "standpoint of objective thought" (Macann, 1993, p.170), due to a number of 'mental

constructions'. The use of Moustakas' (1994) Phenomenological process as a research method was established to gather data and analyse results in a series of cycles, each refining the interpretation of the study participant's individual perceptions.

DISCUSSION

Analysis of perceptions – Emerging Commonalities and Differences

The majority of comments pertaining to perceptions of various intermediaries within the music industry suggested varying perspectives of value adding, the positive impact on the increase of independent artists, and contrasting comments on major recording labels. Throughout the analysis of each participant's perceptions, thoughts and ideas, a series of common themes emerged from the data including monetary focus, participant's fears and individual perceptions of value, which are categorised in the following sections.

Monetary focus

To a great extent, the participant's involved in this study yielded pessimistic thoughts and perceptions towards a generalised music industry as a whole, and also towards major record labels with opinions implying that the motivation of this intermediary is fundamentally fiscal in its focus, as opposed to focussing upon the creative elements of music.

Primarily, this belief is advocated by Participant A, putting forth her perception that "with the exception of a few promoters, its rare the business side actually even know about music.. they don't have passion for it.. they just want to make lots of money" (Participant A, 2004) whilst Participant B also perceives that major organisations are "not that serious about bringing entertainment to Australia's regional areas and they're looking for substantial dollars" (Participant B, 2004), generalising with regard to her past experiences. Extending on this perception Participant A believes that "the industry has always run and you're only as good as how many players you bring", with the term 'players' referring to paying consumers (Participant A, 2004).

In terms of the current popular music industry, Participant C believes "its values are built on commercial values not built on creative values" further supporting this perception, implying that within the music industry "its a separate economy and a separate world" citing a lack of consideration for artistic talent in a tirade of opinionated thoughts (Participant C, 2005). Mottram (2003) reinforced this perception stating "the music industry hasn't yet figured out how to make money in the new era" (Mottram, 2003, p.1) suggesting the narrow-focus of monetary value being of priority towards these emerging trends (Chariglione, 2003; Mottram, 2003) regarding the use of online downloading technology, the consequent reduction in royalties for the 'music makers'.

Congruently, it is evident that these fears are justified with Participant C fearing that major corporations are simply "trying to make profits out of the making and selling of music" without regard for the integrity of the music product itself, identifying this notion as being "different from a music community or music culture" where the focus is centred on access. Participant D felt that major recording labels acted as a 'filter' for a popular type of music with regards to the "interest, acceptance, liking for that particular musical item" and this can be interpreted as a bias for non-mainstream music, and implies a hint of antagonism towards the commercialised, more finance-oriented music associates, as perceived by him (Participant D, 2005). Similarly, Passman (1995) elaborates on the monetary focal point of the industry, insisting artists may only receive and estimated 5 to 6% of retail value for their creative intellectual property (Passman, 1995, p.173).

Fears

Among the participants, Participants A, B, C, and E expressed their fears for the direction, priorities and the nature of the music industry at present, as a reflection of their individual experiences as value chain intermediaries. Due to the comparatively intimate geography and associations within the Australian music industry, Participant A suggested it is imperative that artists, booking agents and event managers in particular should "not go making ludicrous threats because you never know when you might need that person", denoting the importance of the inter-dependent relationship that exists between intermediaries (Participant A, 2004).

Citing previous experiences, Participant B felt that she finds the music industry intimidating, stating "its a very, very cut throat business, and you can be caught and burnt financially" at various stages of intermediaries (Participant B, 2004), whilst Participant C reinforces his perception from experiences, asserting that "it's a hard commercial world" (Participant C, 2005). Watters (2004) of *Qmusic* explains these fears, especially towards the Internet as a distribution mechanism, arguing that initially "there was a view that record labels would become obsolete and artists would be able to sell direct to the public and cut out the record labels"(Watters, 2004, p.1). Watters also asserts that currently these fears have come to be a reality for many music industry intermediaries (Watters, 2004).

An interesting perception was identified by Participant C concerned strong fear of powerful stakeholders, and expressed hostility encountered amongst intermediaries, whilst Participant E expresses his fears that the long-term "viability of artists" is diminishing, with rapid changes of popular artists, with detrimental effect to the industry. Surprisingly, the International Federation of Phonographic Industries and "leading music industry figures" have verified this fear, also citing 'piracy' as damagingly impacting upon intermediaries, exacerbating the evidence of fear amongst intermediaries (Agence France-Presse, 2005, p.1).

Influences on the Perception of Value

Throughout the study, participants have revealed three common influences on their perception of value: their knowledge and individual experience of the music industry, the level of communication existing between fellow intermediaries, and their dependence on other intermediaries. These influences may contribute to the different facets of a participant's opinion, as well as their overall perception of adding value to a music product and are explained in the following sections.

Music Knowledge

The concept of value-adding to a music product received varied responses from participants, yet the overall theme of attaining knowledge was perceived as an advantageous and value-adding characteristic that emerged within the value chain. To explicate this, Participant A hinted that the stages of success and knowledge of an artist can contribute to the level of impact the recording process has upon an artist or a finished music product. Participant A insisted "we impact more of the younger up and coming bands" and the impact of promoters at this stage is crucial for word-of-mouth marketing (Participant A, 2004). This influence can be interpreted by adopting the viewpoint of an artist with a less developed knowledge of the music industry, encountering a sound engineer for with a more mature knowledge and skills base. Consequently, the sound engineer would be in a position to add value to the music product through the use of this expertise, and as a result, would have less value to gain from the artist.

An interesting detail to arise from these interviews is that two participants, both A and C cited that their perception of value added by intermediaries decreased as the knowledge, fame or experience of the artist increased. This notion interprets the roles of sound engineers, venue promoters and broadcast managers as being one of facilitator of music industry knowledge and assisting with an artists education on the industry and this role dissipating as the role of a major label enforces its control over an artist.

At the recording stage, Participant E believes that knowledge adds value to a music product in to different people who are looking from an outside perspective, especially people with a bit of music knowledge or band knowledge. Elaborating, Participant E suggests "I think that [knowledge] creates value in the fact that you can give an opinion and it doesn't have to be taken but it gives the artist ideas". Coinciding with this perception, Participant D feels that there exists a "hidden added value [emerging] when people are exposed to obscure or rare music, it's a value that they probably don't recognise is that it forces them to broaden their horizons" (Participant D, 2005). This notion is interpreted as adding value to consumer's through the acquisition of knowledge, developed from online access to information markets and underexposed genres.

Effective Communication

Concerning the area of event management, Participant B believes that "going directly [to the artist] is good" as the intermediaries have often miscommunicated their requirements for a music event, in her experience of over 8 years working with the music industry (Participant B, 2004). Additionally, Participant B elaborated upon the necessity of *strong communication* spanning the length supply chain intermediaries when delivering a music product on-time and effectively to consumers, affirming that together, the intermediaries can "work very well if you have good lines of communication" (Participant B, 2004). This can be interpreted as developing value chain embodying the benefits of flexible and effortless communication, to facilitate each intermediary's role and establish appropriate boundaries. Aligning with Participant B's views on communication, Participant C feels that he has found it necessary to "built strong networks with a range of other organisations and that's really critical for success" within the music industry (Participant C, 2005).

Due to the comparatively intimate geography and associations within the Australian music industry, Participant A suggested it is imperative that artists, booking agents and event managers in particular should "not go making ludicrous threats because you never know when you might need that person" (Participant A, 2004). Participant A denoted the importance of the inter-dependent relationship that exists between intermediaries, along with maintaining a level of frequency and accuracy of communications throughout the value chain (Participant A, 2004). The interpretation of Participants A, B and C's opinions that communication is an area influencing the perception of value is complex to explain, however, throughout this study each of these participants indicated the use of effective communication as a factor contributing towards the measure of value perceived of each

intermediary. For instance, Participant A outlined the influence of effective communication between artist and the sound engineer as greatly influencing value such as the quality of a recording. Another example was suggested by Participant B within the event management area of a value chain, insisting that communication is a vital component when managing strict timelines. Intermediaries corresponded with many levels of the supply chain in a short period of time, in order to firstly allow the smooth running of the event and secondly ensure the artist's successful participation in the event and continued success.

Intermediary Inter-dependence –A Value chain built out of necessity

A theme emerged amid the varying perceptions of the study participants, highlighting the dependence upon each co-existing intermediary and signifying the fundamental aspect of supply chain models, being the provision of a mutually beneficial relationship throughout the product refinement phase (Tyndall, et al., 1998). As a sound engineer, Participant A felt that "musicians can impact upon [her role], booking agents can impact products... I've always had the thought like they need us just as much as we need them", signifying the dependent relationship of these intermediaries (Participant A, 2004). With the introduction of Internet marketplaces, Participant A previously referred to artists who actively "send posters, to get demos recorded" (Participant A, 2004), as being predominantly *self-sufficient*. This could be also interpreted as a verification of the essential nature of each element of the music value-chain, as Porter (1985) exposes that "value chain is composed of nine generic activities which are linked to each other and to the activities of its suppliers, channels and buyers" (Porter, 1985, p.33). Coinciding with the notion of dependent and circular relationships amongst intermediaries, Participant B's interpretation reveals that the relationships of intermediaries exist as a mutual reliance, just as the artist needs the consumer interdependently, each contributor towards a music product necessitates the previous intermediary's function to exist and operate effectively (Participant B, 2004).

Interpreting the purpose of each intermediary within the value chain, Participant D perceives the artist to be the most critical source of adding value, considering that "there isn't a recording without them" and correspondingly, Participant B asserts that "the artists" adds the most value to the end music product, considering "its a win-win situation" for music consumers. The meaning elicited from Participant B's suggestion that if "artists are good to the people ...then, in turn, the people buy their records or their product" is one that postulates the circular nature of the music industry, signifying the inclusion of consumers as part of the value chain, subsequently adding value with their expression of opinion (Participant B, 2004).

In terms of a marketing design and concept of production, Participant D indicates if no concept exists, then it is possible that consequently there is no branding of the music product and further ponders whether the distributor adds value, 'since without them, you cannot buy the CDs?'. Through the interpretation of Participant D's interview, it emerges that there exists a co-dependent association amongst the chain of intermediaries, and further, it is one of inescapability due to the function provided by each link in the value chain.

New Opportunities from New Technology

Amongst participants, a common theme involved the affordability and widespread use of new technology to create new opportunities for artists to record using inexpensive equipment such as ProTools (Avid Technology, 2004), to manufacture using CD burning equipment and even market or sell their music product using the Internet. Each participant expressed a positive perception regarding the impact of new technology, and example of this being Participant E, who feels that his organisation enjoys "the options that new technology brings", putting forth his perception that "the best thing about digital recording is the flexibility" it gives artists and producers (Participant E, 2005). Participant E gave the example orchestras that cannot physically fit into your average studio can be recorded using computers (Participant E., 2005).

Within the music industry, the literature reveals that "while for the major labels this is a period of great concern ...with digital downloading.. for some independent musicians at least, this flux is leading to new opportunities" (Ninan, 2004, p.3). Congruently, Participant D perceives that "new technology raises some issues in terms of making sure that artists get a decent return on their investment" with concern for the allocation of royalties entitled to the artist, a deliverable often compromised by illegal file sharing (Participant D, 2005; Barker, 2002). Declaring support towards "downloading, provided that the artists don't lose out", Participant A indicated the value added for consumers of music products via the use of paid online downloads as a faster method of music distribution (Participant A, 2004). While Participant A advocates the use of the Internet to deliver prompt music product downloads such as Mp3's and ring tones, Participant D opposes the exploitation of online distribution channels, while Participant C adds that the new opportunities provided by new technology are beneficial to music consumers in remote areas of Australia.

PERCEPTION OF VALUE

During each interview, participants were asked to identify their own perception of value with regards to improving a music product and the supply chain it is manufactured through. The ideas elicited by participants included varied perceptions of value ranging from information, interpretation and branding elements.

The concept of value is perceived differently with regard to artists themselves, as Participant A suggests the value of predominantly self-sufficient or independent "artists who can actually organise themselves to turn up to shows, to send posters, to get demos recorded" (Participant A, 2004). The belief of Participant A (2004) and Participant D (2005) is that this organisation, self-sufficiency and enthusiasm adds value to the end music product. In turn, by identifying "mastering as a hugely underrated stage" of the value chain, Participant E feels that this stage can be either valuable or a waste dependent on the artists needs. His notion is interpreted as a conflicted perception, exposing positive and negative past experiences with consumers and artists themselves, as Participant E seemed to support independent labels from the viewpoint of a sound engineers, whilst juxtaposing his answer with contrasting feelings of angst developed through his role as an artist. This response revealed evidence that the perspectives differ immensely from different roles within the music industry, as the opinions of an artist differ from another artist, just as the viewpoint of this participant differed between his experiences as an artist and a sound engineer.

Information was considered a key element towards adding value to music consumers, according to Participant D, and E, who perceived that information, as provided by numerous intermediaries of the supply chain, such as promotion, radio, event managers, music retailers and artists themselves, was of an essential value. These participants also implied that radio announcers add value by "providing an interpretation to what is being played" on air, and providing extensive musical information to the audience. This is interpreted as a rejection of the use of the Internet as an online marketplace, coinciding with Participant A's perspective of adding value through the proliferation of information, via more traditional delivery methods such as community newspapers, billboards, and radio as preferred by Participant A and D. Contrastingly, Participant B's disagrees with this idea, believing that the perception of value transpires with the idea that "branding is very important" to purchasing consumers and having an effective "marketing campaign" when developing a music product is essential, as it facilitates the success and recognition of the end product.

FINDINGS

Through the recording of structured narratives, each interviewee provided an insight into the current state of the Australian music industry, along with their individual opinions, thoughts, ideas and perceptions as professionals with first hand knowledge in the industry.

The following table uses the method of meaning condensation (Creswell, 1994) to provide a succinct synopsis of the study participant's perceptions.

Table 2: Meaning Condensation table

Subject	Participant A	Participant B	Participant C	Participant D	Participant E
Who Adds Most Value?	Artist and Promoters	Artist / Consumer	Artist	Branding / Marketing	Sound Engineer
Perception of own impact	Nurturing young artists	Providing rural accessibility to music events	Positive and Ongoing	Assisting in Promotion	Providing the Client with a particular sound
What adds Value to Music Product?	Music knowledge and experience	Effective Communication	Variety Competitive Advantage	Digital Technology & Distribution	Music Knowledge, Special Features
Self-Rating of impact on music product from 1 to 5 (1 least, 5 most)	5 for beginning artists, 1/ 5 for established artists.	1 / 5 (Least impact)	3 / 5 (Moderate impact)	1-2 / 5 (Least to Moderate Impact)	4/ 5 (Moderate to High Impact)

The findings presented from this study involve several main themes that have been elicited from the long-interview data and interpretations, as identified amongst the perceptions of music industry intermediaries and these findings are presented in summary form in the following sections.

Theme: Competitive Advantage

With regards to possessing a dissimilar competitive advantage to other music products, Participant C acknowledges the perception that "you need that kind [of] creative competition from that aspect to drive the commercial industry". Correlating with evidence from Porter (1985), Participant E felt that the value of having a competitive advantage distinct from others, revealing "you've got to have something that's an advantage from everyone else", and in his perception "it comes back to the musician, if they can keep ideas fresh and sell [music CDs] regardless" of trends (Participant E., 2005). Porter (1985) identifies the term of competitive advantage as being achieved by distinguishing a product from a mass of like products (Porter, 1985).

Weiber and Kollman (1998) integrate the notion of competitive advantage into the development of online "virtual value creation chains" (Weiber and Kollman, 1998, p.603) with regard to the music industry, and further isolate the term "virtual marketspace, [which is] an intangible market for information", and define its role as providing "additional consumer value" (Weiber and Kollman, 1998, p.604).

Theme: Accessibility through Online Distribution and Technology

The idea of accessibility to music via the Internet and more recently, to inexpensive music production technology has emerged as a theme amongst study participants, despite divergent opinions on technology, which is an interesting perspective of the Australian music intermediaries. Participant B suggests that "accessibility is a human cry for lots of people", and feels that value to a consumer is dependent on their ability to be able to readily acquire the music product, and with music being available online, this appeals to remote area consumers, as well as international consumers (Participant B, 2004). Correspondingly, Participant D believes "technology has played a part in the accessibility of the technology to actually produce a studio CD" and also perceives that "the Internet is providing a distribution channel that didn't exist... it's providing a little of visibility and accessibility that just wasn't around 15 or 20 years ago" for the music industry (Participant D, 2005). Alternatively, in the midst of technology being widely accessible, levels "quality control of the recorded music [is] certainly an issue" and the subsequent market flooding is "akin to the old [finding a] needle in the haystack story" (Watters, 2004, p.1-2). With the introduction of digital technology, Participant D believes that "the levels at which you can enter the music industry have been pushed down a hell of a lot", whereas Participant A contrasts this opinion, articulating her indifference for the use of digital technology within sound engineering, dismissing all except the use of analogue recording methods. Explaining this perception, Participant D feels that the digital versus analogue recording debate is merely a matter of preference and perhaps these contrasting opinions can be directly related to a reluctance to change with the times.

With regard to the use of Internet downloading and the accessibility of technology for self-made independent artists, as being a hindrance to existing value chains, Participant D does not perceive that "new technology has closed off any of those existing channels" regarding music distribution. Participant D also reveals his positive attitude towards new distribution channels opened by digital advances and shifting information systems models (Participant D, 2005). In fact, the advantage of consumers having access to digital recordings online is that "companies have the opportunity to collect information about the popularity of the music before they undertake an expensive launch" (Weiber and Kollman, 1998, p.604), and this information can be effectively analysed to 'profile' potential consumers needs.

Concerning access to indigenous music, Participant C identifies that consumers "are more open to it now but there is still a long way to go" citing a lack of understanding of culture as a barrier for adoption of music genres and a lack of accessibility (Participant C, 2005). He also believes that for remotely located Australians, new technology has opened the perspectives of consumers to other genres of music, utilizing "radio programs available as audio for streaming and downloading music" via the Internet (Participant C, 2005). This perception was parallel to Participant B's opinion, while Participant A did not comment on this subject, indicating a lack of awareness regarding new technology and its use in rural areas of Australia.

Theme: Gimmick Vs. Value Adding

The notion of adding value to a music product can be associated with the concept of a 'gimmick', Participant D feels that "some of the biggest selling songs in Australia have almost been gimmick songs" with a sellable characteristic, also identifying an example using a 'digi-pack music release', in order to provide the consumer with additional information about the artist. The interpretation of this intermediary's thoughts indicate that the illusion of value instilled within these 'gimmick' songs is minimal, and their motivation for their release is often a money-spinning venture aiming to "cash-in" on the novelty attraction of the release (Participant D, 2005). The Sydney Morning Herald (2004) compared songs with 'gimmick' appeal, such as Slim Dusty's 1962 humorous release "The Pub With No Beer", or the gimmick single "Shaddup You Face" (Sydney Morning Herald, 2004, p.1), whereby the study's interpretation of the 'gimmick' release idea is one of purely marketing substance and sales-based objectives.

In response to identifying potential strategies to add value to a music product, Participant E delineated "You've got to trade that fine line between adding gimmicks to keeping it real" (Participant E., 2005). While the fine line between gimmick and value adding is not readily distinguishable, Participant E suggests that "there's hardly any now that don't have some sort of bonus DVD or bonus feature" and instead, artists may try adding value with the use of "behind the scenes footage, getting consumers involved.. give more to your [music] fans" (Participant E, 2005). This perspective aligns directly with Participant D's who perceives that the essence of adding value to a music product is evident in other approaches besides a marketing campaign. Participant D also pondered the delicate boundary defining "how much is a gimmick and how much is added value?" further citing that the 'gimmick element' is something that's going to be "in the perception of the purchaser" when comparing music products, but this perception is not interpreted as a positive attitude.

SUMMARY

The paper revealed a number of common themes, derived from the perceptions of music industry intermediaries, which are identified in the following section.

Firstly, new technology creates new opportunities for intermediaries and consumers alike, creating accessible music regardless of geographic locale. Indicative results reveal positive attitudes towards new technology, as a faster method of distribution for music, reaching a broader audience, also in remote and rural areas.

Secondly, making a distinction between gimmicks and value was noted in the findings as an emerging theme, with the perception outlining the value instilled within these 'gimmick' songs is negligible. The perceived motivation for their release is often a money-spinning venture aiming to "cash-in" on the novelty attraction of the release adding is a fine line, and a marketing gimmick does not constitute value for music product consumers.

Thirdly, the concept of competitive advantage was a common theme emerging from several study participants, each considering the value added to a music product by possessing a distinction over comparable products in the same market, and ultimately this may be indicative of the perception of value to consumers of music.

The paper has also discussed various influences on the perception of value, as seen from different intermediary's viewpoints, and these findings are revealed individually as they emerged throughout the interview stages.

Music Knowledge: The possession of music industry knowledge and experience was perceived by study participants as being an advantageous and value-adding characteristic that emerged within the value chain. The level of knowledge is perceived to influence the perception of value, For example, a different perspective from the artist adds value to the development of a music product, by providing an external review of their product before it is formulated into a release.

Effective communication: This is an essential feature of an efficient value chain, greatly influencing the perception of value by music intermediaries. It is evident from the study findings that unproblematic communication facilitates each intermediary's role and not only helps to establish appropriate boundaries, but increases the impact of each intermediary upon the creative product. Participants also revealed the availability of information adds value to a music product.

Intermediary Inter-dependence: Dependence on other intermediaries directly influences the perception of value, and this research has exposed a relationship of mutual necessity amongst intermediaries in the value chain. This finding is indicative of the intermediary's perception of value towards each other, since each stage of the value chain relies on the artist, the consumer and the preceding intermediary's completion of their task to ultimately develop a music product valuable to consumers. Thus, the process for adding value originates from having an underlying competitive advantage from other music products.

This paper has introduced the nature of the music industry, outlined the sheer size of the industry and its importance to the Australian economy, along with the significance of this study towards the understanding of value chain intermediaries and perceptions of values from various viewpoints.

Followed by a summary of the research methods and approaches utilised for this study, this paper discussed at length the perspectives of study participants, interpreting the lengthy findings and summarised the perceptions, thoughts, fears and opinions of each participant.

The paper is significant to the music industry as well as various other supply chains attempting to successfully integrate the concept of added-value, and perhaps may assist in eliciting ideas for brainstorming the notion of adding value in other disciplines. The paper also opens up opportunities to think about the importance of strong value chain relationships and explores the different methods of injecting value into music products that study participants have revealed.

FUTURE WORK DIRECTIONS

Considering the findings concluded from this study, future work would consist of a series of focus groups, which will be conducted in this area of research, in order to gain a further insight into the themes discovered throughout this study of music industry intermediaries. Future work will consider a broader scope of the value chain, and assist in cross-examining the findings revealed within this paper, and perhaps the completion of focus group work will help to triangulate these results with the extant literature.

REFERENCES

- ABS, (2001), Performing Arts Industries Survey 1999-2000, Category No. 8697.0, Published: 26th September 2001, Australian Bureau of Statistics, Canberra, Australia, pp.1-6.
- Agence France-Presse, (2005) Fears of pirates in organised crime, *Australian IT*, Article Published: June 28th, 2005, NSW, Australia. URL <http://australianit.news.com.au/articles/0,7204,15744740%5E15318%5E%5Enbv%5E15306,00.html>.
- Australian Music Association, (1999) AMA 1999/2000 Market Report Summary, Malvern, Victoria, Australia. URL <http://www.australianmusic.asn.au/statistics99/page2.html> Accessed: January 31st, 2005.
- Avid Technology, (2004), ProTools Hardware Design, *DigiDesign*, Avid Technology, URL <http://www.protools.com> California, USA.
- Baker, B. (2004), What's Wrong with American Idol?, *MusicDish Industry e-Journal*, Taggin Publications, URL <http://www.musicdish.com/mag/index.php3?id=9364>, Updated March 9th, 2004, Accessed Sept. 1st, 2004.
- Barker, G., (2002) Internet Hydra Winning War Against Music Industry, *The Age Company*, Published April 29th 2002, NSW, Australia.
- Chervokas, J. (2004) Breaking Records: Reshaping the Music Biz, *JupiterMedia Corporation*, URL <http://www.Internetnews.com>, Last Updated: October 1, 1999, Accessed September 22nd, 2004.
- Chiariglione, L. (2003) Costs/Benefits Analysis for Value Chain Players, *The Digital Media Manifesto*, URL <http://www.chiariglione.org/contrib/2003/030822chiariglione01.htm>, and Updated: Aug 22nd, 2003, Accessed July 5th, 2004.
- Creswell, J. W., (1994) Qualitative Inquiry and Research Design, Sage Publications, Thousand Oaks, USA.
- Cringley, R. X. (2002) Curtain Call, *PBS: Public Broadcasting Service*, Last Updated: December 12, 2002, Accessed June 15th, 2004.
- Dukes, S., (1984) Phenomenological methodology in the human sciences, *Journal of Religion and Health*, 23(3), 197-203.
- Frey, M. (2004) EMI Music Creates a Hit with Supply Chain: An Interview with Mike Frey, 2nd Edition, Published April 15th, 2000, *Montgomery Research Inc.*, San Francisco, USA.
- Gibson, J. F. A. (1968) Value Analysis: The Rewarding Infection, Pergamon Press Limited, Oxford, England.
- Haque, U. (2003) The New Economics of Music: File-Sharing and Double Moral Hazard, *Bubble Generation*, URL <http://www.bubblegeneration.com/index.cfm?a=a&resource=musicrisk1>, Part One, Last Updated 2004, Accessed September 20th, 2004.
- Hayes, C., (2005) Australian Record Sales -2004 Full Year Results, Australian Recording Industry Association (ARIA), Online Press Release, Updated: March 10th, 2005, URL <http://www.aria.com.au>, NSW, Australia.
- Heidegger, M., (1962) Being and Time, Harper and Row Publishers, New York, USA.
- Husserl, E., (1965) Phenomenology and the Crisis of Philosophy, Harper and Row Publishers, New York, USA.
- Kvale, S., (1996) InterViews, Sage Publications, Thousand Oaks, California, USA.
- Letts, R. (1996) The Art of Self-Promotion: Successful Promotion by Musicians, Allen and Unwin for Australia Council, Neutral Bay, NSW, Australia.
- Macann, C., (1993) Four Phenomenological Philosophers: Husserl, Heidegger, Sartre, Merleau-Ponty, Routledge Publishers, London, UK.

- MacQuarrie, R., Y. Gu, et al. (2000) Music CD Industry: Value-Added Chain, *Duke University*, URL <http://www.soc.duke.edu/~s142tm01/compete7.html>, Last Updated: April 5th, 2000, Accessed September 15th, 2004.
- Masterton, A., and Gillard, S et al. (1998) *Rocking in the Real World: An Introduction to the Music Industry in Australia*, *AUSMUSIC*, Blueprint Publishing, Adelaide, South Australia, Australia.
- McBurney, D. H., (1998) *Research Methods*, 4th Edition, Brooks-Cole Publishing Company, California, USA.
- Mennecke, T., (2004) Australian Music Industry Has Record Sales Year, *Slyck News*, Long Island, New York, Article Published: March 29th, 2004.
- Merleau-Ponty, M., (1962) *Phenomenology of Perception*, Trans. Smith, Routledge and Kegan Paul, London, UK.
- Mottram, M., (2003), Music pirates face technology counter-attack, *The Age Company*, Newspaper Article, Published January 20th, 2003, NSW, Australia.
- Moustakas, C. E., (1994) *Phenomenological Research Methods*, Sage Publications, California, USA.
- Naraine, R. (2004) Loudeye Expands B2B with OD2, *JupiterMedia Corporation*, Updated: June 22nd, 2004, Accessed: Sept. 15th, 2004. URL www.internetnews.com/bus-news/article.php/3371781
- Neuman, W. L., (1993) *Social Research Methods: Qualitative and Quantitative Approaches*, 2nd Edition, Allyn and Bacon, Needham Heights, MA.
- Ninan, A., Oakley, K., and Hearn, G., (2004) Queensland Music Industry Trends: Independence Day?, Creative Industries Research and Applications Centre, Queensland University of Technology, Australia.
- Passman, D. S. (1995), *All You Need To Know About The Music Business*, UK Edition, Penguin Books, Suffolk, England.
- Porter, M., (1985) *Competitive Advantage: Creating and Sustaining Superior Performance*, The Free Press, New York, NY, USA. URL <http://www.agsm.unsw.edu.au/~timdev/readings/READ37.PDF>
- Shread, P. (2004) Apple's iPod Sales Bear Fruit, *JupiterMedia Corporation*, URL *Internetnews.com* Last Updated: October 13th, 2004, Accessed: October 2nd, 2004.
- Simpson, S. and Seeger. C, (2002) *Music Business: A Musicians Guide to the Australian Music Industry by Top Australian Lawyer Revised Edition*, Omnibus Press, Roseberry, NSW.
- Sly, L. (1993) *The power and the passion : A guide to the Australian music industry*, 1st Edition, Warner/Chappell Music, North Sydney, NSW, Australia.
- Sydney Morning Herald (SMH), (2004) Never-never land, *The Sydney Morning Herald*, Fairfax Digital Publishers, Sydney, Australia. Online newspaper article URL <http://www.smh.com.au/articles/2004/09/10/1094789669358.html?from=storylhs&oneclick=true>
- Trischler, W. E. (1996) *Understanding and Applying Value-Added Assessment: Eliminating Business Process Waste*, ASQC Quality Press, for MIRUS Group, Milwaukee, Wisconsin, USA.
- Tyndall, G., C. Gopal, et al. (1998) *Supercharging Supply Chains: New Ways to Increase Value through Global Operational Excellence*, John Wiley and Sons, Canada.
- Wallis, R. and K. Malm (1984) *Big Sounds from Small Peoples: The Music Industry in Small Countries*, 7, Tunstall, J. (Ed), St. Edmundsbury Press, Suffolk, London, England.
- Watters, S., (2004) Climate Control and the New World Order, *Themusic.com.au*, Guest Editorial June 29th, No. 411, URL http://www.themusic.com.au/im_m/archive/2004/040629-411_guests1.php Queensland, Australia.
- Weiber, R. and Kollman, T., (1998) Competitive advantages in virtual markets- perspectives of "information-based marketing" in cyberspace, *European Journal of Marketing*, MCB University Press, 32 (7/8) pp.603-615.

ACKNOWLEDGEMENTS

I would like to take this opportunity to acknowledge J. Cybulski and L. Nguyen for their invaluable assistance in writing this paper. I would also like to acknowledge and thank the participants involved in the long interviews, as this project was very time consuming for those involved.

COPYRIGHT

The following copyright statement with appropriate authors' names must be included at the end of the paper

Belinda Moloney © 2005. The authors assign to ACIS and educational and non-profit institutions a non-exclusive licence to use this document for personal use and in courses of instruction provided that the article is used in full and this copyright statement is reproduced. The authors also grant a non-exclusive licence to ACIS to publish this document in full in the Conference Papers and Proceedings. Those documents may be published on the World Wide Web, CD-ROM, in printed form, and on mirror sites on the World Wide Web. Any other usage is prohibited without the express permission of the authors.