CHAPTER 1

Musical Experience as Transaction

The music of the soul is also the music of salesmanship.

—Herbert Marcuse

This is a book about making money, making music, and using the one to accomplish the other. It is not concerned with formal definitions of music or with practical music making. Nor will it provide specific guidance on how to promote your band, start a record label, or fill out a copyright registration form. This is an exploration of value in its many forms—artistic, social, cultural, and economic—and the capacity of music to create it. It is an examination of the human experience of music, why people place a value on that experience, and—perhaps most critically—how that value is measured.

One way to measure the value of music is by applying "aesthetic" criteria. If we define *aesthetic* as "being pleasing," then the simplest criterion would be, *does a given piece of music please the listener?* Since this kind of value is personal and entirely subjective, opinions will vary widely, and comparisons will be difficult. If, on the other hand, we define *aesthetic* as "a set of ideas or opinions about beauty or art," we have the basis for a system that can support comparisons between works of music and those who create them.[1]

By adopting formal aesthetic measures based on expert-established standards, musical artifacts—songs and larger compositions—can be ranked in terms of quality. The European classical music tradition is an example of this kind of value system. In it, music critics and scholars apply expertise gained from years of critical listening and study to evaluate and compare both established and new musical works and performances.

Outside of the classical tradition, musical quality tends to be measured in other ways, using criteria on the spectrum from high-level expertise to purely personal, in-the-moment reactions. These include various "Top 100" or "Best of" lists, such as Best Love Songs of All Time, Best Summer Anthems of the 2000s, or Best Dance Tracks of 2014, and so on. For lists like these, sometimes the public votes, or the list might be a compilation of a panel of pop music critics' opinions.

Collective judgments like these suggest that one can look at musical value through a social lens rather than a purely aesthetic one. The widespread practice of singing "Happy Birthday," playing Mendelssohn's "Wedding March" for weddings, singing carols at Christmas, "Take Me Out to the Ballgame" or "Rock and Roll, Part 2" for sporting events are all markers for musical value as measured by social adoption—popularity. Taken across a large enough sample and over time, this kind of popularity is a measure of the usefulness, familiarity, and "tradition value" of particular pieces of music for specific social events.

Ultimately though, whether value is assessed individually, by breadth of social adoption, by expert authority, in the moment, or over time, "goodness" in music is both situational and difficult to quantify. It is one thing to argue—either in the abstract or for a particular purpose—that Beethoven's Symphony no. 5 is "better" than Robin Thicke's "Blurred Lines." But answering the question "how much better?" is much more complicated. Aesthetic and popular assessments only underscore one's personal tastes.

There is, however, one system of measurement—a metric—that can quantify musical value objectively and consistently, and that supports comparative analysis across styles and contexts.

Money.

Purely as a measure of artistic quality or individual appeal, money has obvious limitations. The value and meaning of music is about more than the revenue it generates. It is commonly believed that art and commerce are mutually exclusive, that the people engaged in these aspects of the music enterprise are diametrically opposed, and that the artistic world is divided between creators, who are "good," and exploiters, who are "bad." This polarized view—expressed, for example, by the quote at the beginning of the chapter—powerfully shapes public perception and public policy about music and the arts.

However, virtually no music exists entirely outside an economic context. Even the greatest composers of the European classical music tradition were concerned with compensation; their survival depended upon it. Moreover, the economic constraints of classical music affected not only the lives of the musicians themselves but also the nature of their art. Thus, even though the study of classical music tends to avoid discussing money, a complete assessment of the productivity of iconic composers such as J.S. Bach, Franz Josef Haydn, Wolfgang Amadeus Mozart, or Ludwig van Beethoven is not possible without also considering the economic and social conditions in which their music was created.

The increasing professionalization and industrialization of music in the twentieth century amplified the importance of the economic realities that constrain and support the musical arts. In truth, while the value of music cannot be measured only in terms of money, we absolutely cannot talk about the music business or, more broadly, music enterprise, without talking about people who are making money while making music. Ultimately, a failure to understand and function within an economic context undermines the sustainability of any music enterprise, thus diminishing both the artistic and social value that it can create.

As a result, every music enterprise must be assessed in terms of its capacity to create multiple forms of value: good music, social purpose, and a sustainable economic model. Put another way, those metrics become a question: why and how do musicians, audiences, and economic opportunity come together?

MUSIC: SOCIOECONOMIC CONTEXT

Musical endeavors can be entirely personal and never intended for public ears, let alone commercial consumption. Yet more often than not, music occurs in a social setting. Most simply, music happens when someone is making it and someone else is listening. In that context, the experience of making and listening to music can be understood as an exchange, or transaction, between performer and listener. It is only when music is placed in such a social context—where the musical experience is an exchange between people—that its full potential to create value can be realized. This is the first core principle of the text.

> Music enterprise becomes possible when musical experience is an exchange between people.

The places—whether physical or technologically mediated—where musical artists, audiences, and economic opportunity come together are the marketplaces for music. Since musical experiences are as varied and diverse as the many different styles of music, multiplied by the number of performers and listeners, music marketplaces come in many forms. In addition, styles and tastes change and so do markets. Methods of production and delivery appear and permeate society or fade into obsolescence. New social behaviors emerge and traditions evolve.

Business models arise, are codified, and then, with the next wave of change, are rendered obsolete. As a result, the enterprise of creating value through music can be seen as cycling between bursts of innovation and periods of relative stability. On the one hand, this is an entertaining feature of studying the music business: things are not static. On the other hand, studying the music business can be frustrating; styles fluctuate, and the means of creation, production, and consumption are reinvented over and over again. And if it were your money and career at stake, it is easy to see how such volatility could be terrifying.

One thing that does not change, however, is that a musical experience can be understood as a relationship between people. Performers provide music and listeners provide their attention and, in that shared experience, there is an exchange of meaning and value, whether simple appreciation, admiration, money, or all of the above.

Framing musical experience as a transaction is a useful tool. It helps us to describe how musical value was created historically, to see how it is produced today, and to predict the contexts in which it is likely to develop in the future. It is the first *operative dynamic*—and the most foundational—of this text. Like all such dynamics (and core principles), it is scalable and applicable across different times, styles, business structures, and socioeconomic contexts.

The circles in the diagram in figure 1 describe the two essential components of the musical experience: creation and reception. In their most common form, the two elements are performing and listening. Each of the circles can also represent the agents—the people—engaged in these activities. Whether we define the person(s) acting on the left side of the diagram as performers, composers, or teachers, and the person(s) on the right as listeners, patrons, or students, the relationship between them always consists of an exchange of something: a "this" for "that" transaction (or quid pro quo) represented by the arrows that connect the circles.

There is an immense utility in recognizing patterns and their recurrence, because the music business is nothing if not cyclical. Even though

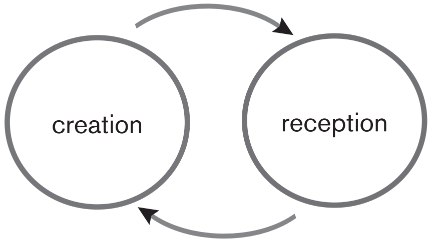

FIGURE 1. Music transaction diagram.

(as noted in the introduction) musical styles, social behaviors, and the tools of production, distribution, and consumption were all quite different in 1899, the practical concerns of music content providers at the turn of that century were quite similar to those in 1999: piracy, new media, and changing consumer attitudes and patterns of consumption.

A practical understanding of past patterns and their relevance today, requires—in addition to awareness of them—the ability to distinguish between the elements and relationships that remain relatively stable over time and those that change more often. As we consider consistency and change, we will examine the forces that both drive and resist change, as well as the larger economic, cultural, and social frameworks in which those forces act.

TRANSACTIONS: COMPOSING, TEACHING, AND PERFORMING

In addition to the performing-listening transaction, two other musical activities have traditionally supported value creation in music. Both composing and teaching music have long been integral to the professional lives of performing musicians, and both remain relevant to the performance enterprise of many musicians today.

Composing

Some musical cultures are based on learning traditional music aurally, while others emphasize improvising music in the moment. In the classical European tradition, by contrast, music is normally composed in advance of a performance, sometimes on demand for specific occasions. As a result, the role of the composer is prominent in the classical music tradition, as is the songwriter in the realm of popular, commercial music.

But regardless of the stylistic framework, in situations where there are a large number of performers or a limited amount of time to prepare a performance, being able to pre-arrange music via written notation (or other "instructions") has practical and economic value. For much of history, to the present day, many performers also compose and even more create written arrangements of compositions to customize their performances.

In earlier centuries, music writing and arranging were typically compensated with one-time, event-specific payment, or were unpaid yet necessary for a paid performance to occur. It was not until music publishing emerged in the mid to late 1800s and subsequently functional copyright laws were written to support the rights of musical content producers that the ongoing revenue potential of music composition was fully realized by composers. The development of music publishing and copyright laws affecting it is discussed in more detail chapter 2.

Teaching

Music education—teaching people how to play music—also has a long history of integration into the work lives of professional performers. As part of the European patronage model, providing music lessons for the children of the patron's household was a standard duty for a court composer/performer. It was not, however, until the emergence of a true "middle class" in the 1800s (people with leisure time and discretionary income) that expanding the scale of music lessons to a larger segment of the population—and selling printed instructional and student-level performance music—became practical. The musico-economic implications of the rising middle class in Europe are also discussed in the next chapter.

Music composition, music lessons, and music performance in various combinations remain relevant and continue to produce revenue streams for the majority of professional musicians in the twenty-first century. At the heart of the musical experience and the musical enterprise, however, is performance.

Performing

The foundational relationship for realizing musical experience has been (and remains) performing music live for an in-person audience. This practice dates as far back as there is history and occurs across virtually every place on the planet. There are few if any cultural or historical settings where people do or did not appreciate listening to music or incorporating music (and, therefore, musicians) into life's important, celebratory, and solemn moments. We know, for example, that in the 1700s musicians in northern Europe often made money by playing for dances, weddings, church services, and important civic events. Those activities and events would also describe the professional schedule of many musical performers so far in the 2000s and all the decades in between.

It is important to observe that many of the foundational historic models discussed in this text—particularly in the early chapters—are drawn from European traditions in music and music commerce. These models are relevant to us today for two reasons. First, European practice in music performance, composition, education, publishing, and copyright law directly informed the emergence and development of those practices in North America. Second, even when non-European musicians, musical styles, and audiences emerged and developed—blues, jazz, rhythm and blues, and so on—they were supported, constrained, and in some cases exploited via those same cultural values and practical frameworks.

While specifics change, the fundamental process models that support transactional music relationships between performers and audiences have remained remarkably constant over time. One feature common to all such models is the importance of recurrence; that is, of ensuring ongoing opportunities for performers and audiences to connect and reconnect.

PERFORMER-LISTENER TRANSACTION MODELS

One way to look at the performer-listener connection is to consider it from an economic perspective: how much money a performer needs to make within a given time frame and how to connect with the listener(s) willing to provide it. Consider a musician who needs to earn $1 million per year. Factoring that amount against the number of listeners/consumers necessary to provide it yields possibilities ranging from one person who will pay $1 million for a single performance to 1 million people who will pay a dollar each—either collectively (an audience of a million people) or individually (a million one-to-one performances).

Obviously there are additional variables. You could find someone willing to pay $100,000 for ten performances or a thousand people to pay a $1,000 at a single performance. The abstract permutations are nearly endless, but in reality, there are constraining factors that limit the number of practical options.

The primary constraints to this kind of music endeavor are the logistics of delivery and the economic conditions and divisions in society. Doing a million individual performances in a year would mean performing over twenty-seven hundred times per day, which is obviously impossible. Performing one time for 1 million people is possible today, thanks to massive sound systems (not to mention, recordings, broadcast media, and the Internet). But, before electrical amplification was invented (around 1909) and applied to musical performance (around 1925), playing "live" for more than a few hundred (or, under ideal conditions, a few thousand) listeners at one time was impractical simply because the performance could not be heard by everyone in attendance.

Further, even if the maximum number of people heard (and paid for) the maximum number of performances per day, there are still limitations to consider. How far could a performer travel in a year to reach the requisite number of listeners? How many people in each location's potential audience pool would be willing—and financially able—to buy the musical experience being sold on a given day?

One way to view the significance of later technological developments such as recording, broadcasting, and so on, is in terms of how they have affected or, in the case of emerging technologies, have the potential to affect the constraints on performer-to-listener delivery models. But, regardless of whatever performance-enhancing technology is available, sustaining economic models in music (supporting a musical career) always depends upon "repeat sales"—audiences who are willing to pay for multiple experiences over time.

In practice, three models defined performer-listener relationships and supported ongoing transactional musical ventures in the prerecording and prebroadcasting era. These structures have been in use for centuries and remain, to varying degrees, relevant today. In their most basic configuration, they are as follows:

1. *Touring model*—performer travels frequently, finding new audiences at each new location.
2. *Tourism model*—performer stays in place, new audiences cycle through.
3. *Patronage model*—performer and audience relationship is relatively stable, but performance content changes as per the expectations of the patron—the primary (or exclusive) financial sponsor.

The *touring model* has been in use since minstrels and troubadours wandered across tenth-century Europe and has been integral to the business of music making in every century since. As the nineteenth century progressed, however, tours became more elaborate and more lucrative both in Europe and the United States. National and international tours were foundational to the music business in the twentieth century.

The *tourism model,* at least in the form of street musicians playing for passersby, has been around at least as long, if not longer than, touring. Today tourism-based performing can be seen in situations as diverse as the levee in New Orleans, musicals on Broadway, and the music performed at theme parks and other tourist-oriented destinations around the world.

The European *patronage model* is discussed in more detail below, but examples of patronage can also be found in the history of musicians serving the nobility in ancient China, Greece, and Egypt. Contemporary patronage tends to be institutionally rather than individually supported. Casinos and civic institutions (symphonies and opera companies), as well as colleges and universities, all continue provide (to some extent) long-term employment opportunities for musicians.

As these examples suggest, each of these performance models is scalable from the small and low-cost to the immense and expensive. An example indicating the upper end of the scale is U2's 360° Tour (2009–2011). That tour presented 110 shows around the globe and produced revenue of over $700 million.[2] The costs to launch and operate the tour, produced by Live Nation, were estimated to have been approximately $150 million, including roughly $750,000 per day to keep the show on the road.[3]

The success of either touring or tourism approaches, as measured by cost-benefit comparison, depends upon a number of interrelated factors:

Price of each ticket sold

Number of tickets sold per event

Number of events

Startup costs—to have a single event

Ongoing costs—to present additional events

Additional considerations include the following:

Venue—how many people will it hold?

Acoustics—can everyone with a ticket hear the performer?

Market—what is current cost of comparable events, number of competing events, and the larger economic context?

Community or neighborhood factors—is the area safe or dangerous, a recognized or unfamiliar location for performance, the site of previous successes/failures?

As with any business venture, leveraging cost of production against revenue generated is the critical management challenge in the business of live musical performance. Increasing the number of tickets sold is an obvious means to increase revenue. In the modern era—post-1964 British invasion—sports stadiums have become preferred locations to maximize tickets sold per event. The Beatles, for example, performed for fifty-five thousand fans in a single concert at Shea Stadium in August 1965, grossing $304,000—worth nearly $2.3 million in 2015 dollars.

By contrast, classical performances in the patronage era (pre-1800s) tended to be for small, select audiences, funded by a single payer. Although this type of patronage is uncommon today, there are still opportunities for single, small-scale events that produce significant revenue. Elton John, for example, earned $1 million for performing at radio personality Rush Limbaugh's August 2010 wedding. Much more typically—both historically and today—performers must seek to sell more tickets per event at a more reasonable cost to listeners, leveraged across additional concerts in multiple locations (see chapter 7, "Scaling and Selling Live Performance").

Even well-planned and competitively priced events can fail due to economic conditions in society at large. Summer tours, for example, can be particularly vulnerable to this economic "halo effect." Numerous tours scheduled during the summer of 2010, for example, were downsized as a result of poor advance sales that were likely a reflection of widespread economic anxiety. Even the consistently "bankable" Eagles canceled dates, Christina Aguilera canceled her entire tour before it began, and numerous promoters waived service fees and offered steep discounts to entice buyers.[4]

During the period of history we are about to consider—the seventeenth, eighteenth, and part of the nineteenth century—the technology and distribution/delivery logistics for mass-market music were not yet in place. The alternative to a then-impossible large-scale delivery was to find a smaller number of listeners willing to pay significantly more. Until the nineteenth century, the most effective model for doing this was the patronage system.

PATRONAGE: ARTIST/EMPLOYEE

Consider the graph shown in figure 2. It is a symbolic representation of the distribution of funds available for music across society in the baroque and classical eras of music in Europe—from roughly 1600 to 1800. Note that while there are many with few resources on the left and a (naturally) much smaller number of very wealthy people on the right, the middle of the graph is empty. This distribution represents the socioeconomic structure of European society for centuries: many lower-class "commoners" and a very few wealthy, aristocratic elites. During this period, there was no group of people in the "middle," who, though perhaps not wealthy or noble by birth, might have had sufficient discretionary income to support art or entertainment ventures.

Obviously, there are only two places in the socioeconomic structure represented by this graph in which musicians could make money. From the "common" man, there were many potential sources, but each with extremely limited funds. Working with this population would require many, many performances with a very low return on each one. Alternatively, working for the aristocratic class, where there was money available, meant developing longer term relationships with one or more of a much smaller pool of potential musical customers.

Most often, opportunities to make music for the aristocratic classes took the form of an employee-employer relationship. In this era of the artist/employee, so-called household musicians had the economic and social status of domestic servants. This arrangement could and did provide stable income, clothing, and housing, but the trade-off for musicians was a loss of autonomy, mobility, and control over their creative productivity. This trade-off often applies to more contemporary patronage models as well.

As the patronage system came to an end--for large-scale social and economic reasons beyond the scope of this discussion--professional performers and composers came to rely more and more on paid public performances as their primary source of revenue and opportunity to promote their reputations. The era of the artist/employee consequently evolved into that of the *artist/entrepreneur.*

The viability of the artist/entrepreneur model depended upon an emerging middle class able and willing to spend money on public concerts and enough venues willing to present concert events. London became one of the first loci of public concerts supported by a public eager for musical experience. According to Villanova professor of

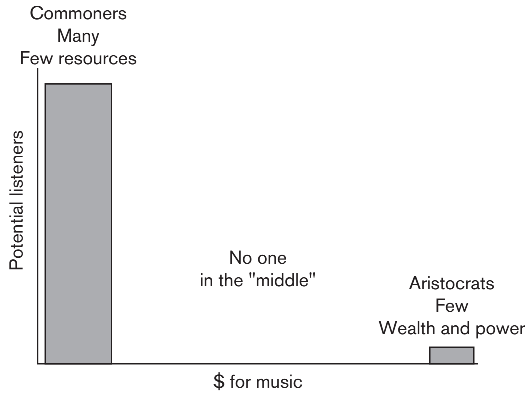

FIGURE 2. Audiences and resources during the baroque and classical eras

law and music copyright historian Michael Carroll, "By the early eighteenth century, the concert series had become a central part of the aristocratic social season in London. Performance spaces included two theaters operating under patent, Covent Garden and Drury Lane, as well as pleasure gardens (i.e., public parks), such as Vauxhall and Ranelagh."[5]

As the eighteenth century came to a close, public concert opportunities continued to expand even as economic conditions negatively impacted the aristocracy. As a result, patronage opportunities for musicians began to diminish, while public ones continued to increase. But not every composer responded effectively to the decline of one model and the rise of another. A comparison of the career strategies of four prominent composers in the European tradition both before and during this time of social and economic transition follows.

From Artist/Employee to Artist/Entrepreneur: A Tale of Four Composers

The greatest name of the baroque music era was Bach. Johann Sebastian Bach was a success in every aspect of music enterprise then available. His work spanned multiple long-term positions in both noble households and church institutions. He wrote both religious and secular music, was a respected music teacher and renowned keyboard performer, and produced a body of work over a long lifetime (1685–1750) that remains influential today. His income was substantial and he was able to sustain a full family life; he was married twice and raised twenty children, several of whom came to prominence in musical careers of their own. J.S. Bach is the model of the musician perfectly positioned for artistic and economic success in his time.

Musical Patrons

DUKE WILHELM ERNST—WEIMAR, GERMANY

Bach's productivity always paralleled the interests of his employers, and Duke Wilhelm supported the composer in his creation of many secular cantatas as well as vocal and instrumental works. The duke so valued Bach's contribution to his household that he raised the composer's salary to discourage him from accepting offers from other noblemen.

PRINCE NIKOLAS ESTERHAZY—EISENSTADT, AUSTRIA

Members of the Esterhazy family were Franz Josef Haydn's most important and enduring patrons. The family continued to pay him a salary even during his later trips to London and afterward. This suggests the importance and "status value" attached by the family to being the patrons of an increasingly famous composer.

JOSEPH II, HOLY ROMAN EMPEROR—AUSTRIA

Known as a patron of the arts and the "Musical King," Emperor Joseph was an occasional, short-term patron of Wolfgang Amadeus Mozart, commissioning the opera *Abduction from the Seraglio*.

Unfortunately for Mozart, the emperor did not fully understand or appreciate the composer's musical style and consequently their relationship did not flourish. Despite this, Mozart continued to hope for a more permanent position in the imperial court while pursuing his own creative vision.

Beethoven was also commissioned by the emperor to compose a funeral cantata, which was never performed at the court due to the music's technical difficulty. In contrast to Mozart, however, Beethoven never pursued a permanent patronage relationship, preferring to maintain his creative and economic independence.

Franz Josef Haydn was eighteen years old when Bach died in 1750 and only beginning to make a career for himself in the new classical style of music. Initially, Haydn attempted a freelance approach to his work as a composer and performer, but ultimately he obtained a position in a noble household and remained there for nearly forty years, working much as Bach had and achieving similar results professionally and personally. With the passing of his patron in 1790, however, Haydn journeyed to

London to once again explore presenting his music directly to the public. His public concerts there were an immense critical and financial success.

Why did this happen? In addition to his talent, Haydn's timing was excellent.

Haydn's career spanned the ending of patronage and the beginning of the paid public concert era. This was particularly important because his work exemplified the taste and symbolized the elite social status of the aristocracy. Many of the arts, goods, and services supported by the members of the emerging middle class in the late 1700s reflected their aspirations to elevated social standing. By the time Haydn traveled to London following the death of Prince Esterhazy, his music embodied those aspirations perfectly.

By recognizing the status attendant upon his specific patronage position and the change in the broader social circumstances around him, Haydn successfully made the transition from an established yet declining business model to the beginnings of a new one. Haydn's career is an excellent example of adaptability, going from success in an existing socioeconomic model to success in an emerging one.

A younger contemporary of Haydn's, Wolfgang Amadeus Mozart, entered the marketplace at an even more challenging time. By 1785, when Mozart met Haydn, the patronage system had deteriorated significantly. Mozart struggled for years—long after Haydn's success in London had suggested an alternative path—to obtain a permanent position in a noble household or a wealthy church.

After Haydn's return from Europe, he specifically advised Mozart to abandon the pursuit of patronage and to take his music directly to the public. The younger man was reluctant to relinquish his dream of working among the elite in his native Austria. Ultimately, despite producing some of the most indisputably brilliant music of the classical era, Mozart died deeply in debt. Though he had the example of Haydn's transition from patronage to entrepreneurship in front of him, Mozart was unwilling to embrace the changing social and economic context in which he produced his own work.

Finally, there is Ludwig van Beethoven, one of the most influential and continuously marketable composers in the history of European art music. Beethoven was fourteen years younger than Mozart and was also acquainted with Haydn. Unlike Mozart, however, Beethoven rejected the patronage model early and completely, preferring to make his own way financially in order to avoid the compromises inherent in being the employee of a single patron.

Beethoven was aided in this enterprise by the continuing expansion of the middle class in Europe and the growth of public concert opportunities. He was also actively engaged in the relatively new business of music publishing. We will examine the history of music printing and publishing in more detail in the next chapter, but it is important to note here that by selling his printed music, Beethoven added a new revenue stream to his work in the traditional fields of performance, composition, and teaching. Though he struggled with publishers and as a result became an early advocate of legal protection for composers, Beethoven was a creatively and financially successful pioneer whose musical genius and professional acumen were recognized by his contemporaries and later generations.

Beethoven: Iconic Brand

Beethoven was extremely well known to his professional contemporaries and the Austrian public at large. His signature mane of hair made him an immediately recognizable and admired figure on the streets of Vienna.

Beethoven's music is widely appreciated today and considered the definitive body of work in the transition from the classical to romantic style periods in western European music. It is also among the most "bankable" body of classical music and among the most frequently programmed of the modern era. Beethoven's music was, for example, ranked first for symphony orchestra programming in the 1980s, 1990s, and the early 2000s.

Beyond the specific value generated by live performances, recordings, and published editions of his music, Beethoven provides considerable symbolic and cultural value as well. Themes from his compositions, such as the "Ode to Joy" from his ninth symphony, have been used films ranging from the Beatles's *Help* to *A Clockwork Orange*.

Beethoven's name and image are often synonymous with classical music and a refined (if now old-fashioned) sensibility. His image is almost ubiquitous in this context, used for stores, coffee shops, T-shirts, and so on. His image has penetrated deeply into popular culture. Charles Schulz's *Charlie Brown* comic strip, a staple of newspaper and animated television specials for over fifty years, featured one character, Schroeder, who performed Beethoven's music on a toy piano, sometimes with the composer's frowning bust sitting on top.

Today, in an era permeated by marketing, we would consider Beethoven's brand to be iconic. Iconic brand status is in many ways the epitome of brand value. Beethoven's name, music, and image represent a very early example—predating by a century the concepts of marketing and branding—of the power and longevity of iconic brand status.

In this text, the primary reason for studying historical musicians and practices is to understand the processes then in play and, more critically, the patterns they potentially represent. Comparing Mozart to Beethoven is an excellent example of how this works. Both were immensely talented musicians who were creative geniuses. Mozart clung to an outdated music business model, perhaps for emotional or sentimental reasons, long after it was evident that it was not working for him. He died young, leaving his family deeply in debt. Beethoven, in contrast, embraced the newest technology (high-volume music printing), the business opportunity it represented, and the socioeconomic realities of his time, using all of it to his advantage.

The decisions of those two composers and the results they produced have implications that go far beyond the classical music scene in Europe around 1800 (see the "Further Consideration" section at the end of this chapter for a more in-depth discussion). Both composers show how larger social and economic conditions can affect musicians and their creative productivity. The following section introduces three socioeconomic concepts that have an ongoing impact on music transactions of all kinds.

OWNERSHIP, ACCESS, AND CAPITAL

Larger socioeconomic realities, like those that Beethoven exploited so successfully, change over time as social, political, and creative trends interact with emerging technologies and business opportunities. There are, however, certain concepts that—regardless of the details associated with them in particular times and places—remain consistently valid for music and musical commerce in general.

These are *ownership, access,* and *capital.* All three are foundational to Western civilization and market-driven societies in general and, as such, to the music business as well. But in addition, because they are all integral to the tensions and synergies among economic reward, public good, and exchange of value across society, they are specifically relevant to the social and economic enterprise of music.

The following overview of the first two—ownership and access—is a brief introduction. These concepts will be explored later in this text in different historical contexts and in reference to various developments in technology, law, and business.

The multiple kinds of capital, however, including their interrelationship and issues of convertibility, are discussed here in more detail.

Though theoretical in nature, the forms of capital framework is extremely useful for "unpacking" the complex, interlocking value-creating structures that define enterprise—especially modern enterprise—in music.

Ownership

Who owns a musical performance? The answer determines who has the right to benefit from presenting it to the public. Once we determine ownership, how do we balance the interests of those who create/perform with those of the audience? As we examine the evolution of copyright and performance rights laws in later chapters, we will see that the answer to "who owns music?" has changed frequently, driven not only by new technologies but also by social change, and through both business and political influence. There is, however, no concept more foundational to value production in music or that cuts across all means of creation, production, distribution, and consumption.

Access

In practice, the issue of ownership is closely related to the concept of access. How access to a given "property" is managed, in terms of both availability and restriction, is critical in every instance in which a musical experience is monetized. Too much access can lead to loss of ownership. Too little access restricts the amount of value—of all kinds—produced.

An English tradition dating from the 1700s provides an illustrative example of the importance of the relationship between ownership and access. The term *commons* refers to jointly owned public lands or natural resources (forests, fisheries, etc.) that are considered to be for the common good. Such land was available for any individual to use (by grazing sheep, or fishing in a river, for example). A critical restriction on common land use was that no one had the right to erect an "enclosure"—that is, a wall or a fence—to restrict the access of others. The act of erecting a fence in and of itself turned common land into private property.

A contrasting perspective comes from the idea of a "market." A traditional market is a place where people with goods to sell and people looking for goods to buy come together. In a market, you can only sell what you already own, that is, something that you have a right to "put a fence around" or otherwise to limit access in exchange for payment or some other consideration.

In music, the concept of the commons has historically been expressed through folk music and family musical traditions such as the lullaby someone sang to you when you were little or the songs people in a given society all know how to sing, such as (in the US) the "Star-Spangled Banner" at sporting events. Accessing these musical commons is, as with the traditional physical commons, normally free of cost.

The majority of musical productivity is, however, market based. In the years preceding print music and records, what musicians "owned" was the musical service they could provide. The only way to "put a fence around" that was to control access by establishing a "pay for play" model. A patron did not acquire the musical skills of a performer or literally own the musician's person. What the patron purchased was access by paying for services. If they wanted those services on a 24/7 basis, they hired the musician as a live-in household servant.

As in any market, there was competition among performers for the better-paying patronage positions, and patrons paid top dollar for the best musicians. Less affluent patrons engaged musical services for shorter terms and, when paid public concerts began to replace patronage entirely, audiences purchased even shorter term access. Managing the relationship and the tensions between ownership and access is foundational to every aspect of music enterprise. Most of the organizational structures, legal frameworks, and mediating technologies that developed over the course of the late nineteenth, twentieth, and so far in the twenty-first centuries developed in the context (and contributed to the evolution) of the ownership-access relationship.

Having considered the basics of how ownership and access are interrelated in a system of value exchange, we need to understand the actual mechanism of exchange. Musicians have performed for beer, food, lodging, and recognition, as well as—naturally—money. While any and all of the above may be involved in a given transaction, by far the most convenient and efficient medium of exchange for sustaining musical enterprise over time is money, or to be more economically precise, capital.

Capital

In any market-based economic system, *capital* is a foundational concept. Informally, we think of capital as money or cash. From an economic perspective, capital refers to the accumulated resources available for one's use. That can of course include money, but also refers to other assets and their value—particularly the usefulness of those assets for producing more capital. For example, a high-quality guitar is an asset with a cash value. But, in addition, for a professional guitarist, the guitar is a capital asset that, through use in paid public performances, can produce more capital.

Certainly monetary capital is relevant to music-based transactions. Professional musicians invest their time and effort in producing music in the hopes of receiving money in return. That money can be used for the benefit of their music, their families, and themselves. Even great musicians have to pay for housing, food, clothing, and so on. Time and energy spent preparing for and performing music is time that cannot be spent making money in other ways. So, in a very real sense, unless independently wealthy, the professional musician must be concerned with establishing and sustaining a business. Put another way, professional music making is, with very few exceptions, a capitalistic endeavor.

There is more to understanding the music enterprise, however, than appreciating the monetary aspect of capital. According to cultural theorist Pierre Bourdieu, fully understanding how the social world works (and, remember, the social realm is the only place where music enterprise can exist) depends on understanding not only economic but also social and cultural forms of capital, as well as the interrelationships among them.[6]

Economic Capital

Economic capital refers to money or assets that are directly convertible to money, or property rights that have a measurable monetary value. In music enterprise this can be measured by sales figures for tickets, recordings, or merchandise, as well as (in the modern era) the value of copyrights held and the back catalog of previously released music. The material resources that support the production of these things (instruments, recording equipment, studios, etc.) are also capital.

Social Capital

Social capital is based on the number of people in your social network and the resources they are willing to place at your disposal—in short, the "who you know" phenomenon. Any social network can be measured by both the number of connections and the value of the interconnected resources.

One example of a large-scale utilization of social capital would be the We Are the World project. In 1985, celebrity performers Michael Jackson and Lionel Ritchie, along with prominent producers Quincy Jones and Michael Omartian, brought together dozens of musical artists to donate their talent and celebrity in support of famine relief in Africa.[7] Appeals for participation were made using social connections and, while there was some recognition value in participating, no one received monetary compensation for the recording session (and video), as all the proceeds from the sale of the CDs were earmarked for charity.

Social capital is thus convertible into economic capital, both directly in the form of mass sales to fans who are "in the network" of the artist and indirectly in the form of influence and access to noncash resources.

An additional form of social capital that has emerged since 2005 is found in social media such as Facebook. On that platform, "Friends" and "Likes" have become a symbolic currency that can contribute to both social and professional success. As we will see in chapters 10 and 11, newer social media platforms offer even more explicit ways to connect and convert social to economic forms of capital.

Cultural Capital

Cultural capital exists, according to Bourdieu, in three forms: enduring attitudes or feelings (the way fans relate to favorite performers over time); physical artifacts and the values we attach to them ("classic" albums like *Dark Side of the Moon* or *OK Computer,* for example); and objective forms of recognition (such as Grammy awards, gold or platinum records, honorary degrees, and so on).

Like social capital, cultural capital is convertible into economic capital. A performer can, for example, use a song or name/image to endorse a product. In 2010, country singer Martina McBride joined with Sunny Delight Beverages in their Time to Shine marketing campaign, which was coordinated with the artist's Shine All Night tour.

According to the news release announcing the marketing partnership: "'SunnyD is delighted to be partnering with Martina McBride for the Time to Shine promotion,' says Mark Ozimek, assistant brand manager for SunnyD. 'This partnership is a great fit as it brings together two enduring, spirited brands that encourage children to achieve their best.'"[8] The company used McBride's cultural capital to enhance its own brand and increase sales. McBride was compensated for her appearance (economic capital) and received additional public exposure by appearing in the commercials (cultural and social capital).

Another example of capital conversion is performance artist Amanda Palmer's leveraging of her "hipster" cachet (cultural capital) into social capital (fans connecting with fans to promote and attend her performances) and economic capital (voluntary donations for concerts and records as well as feeding and housing the artist on tour).

Celebrity Capital

As noted in the McBride and Palmer examples, having celebrity status—being a celebrity—can generate value on its own. It might be argued that because it is related to status, celebrity is a form of cultural capital. But celebrity status also has an effect on the social network comprising the celebrity's fans. Most fundamentally, the greater the degree of celebrity, the larger the fan base becomes. Beyond that, being a fan and being a consumer of celebrity-branded products—including knowing about them and being known as a person who knows—can also confer status on the consumer.

Obviously, there is a difference between being a consumer of prestige products and embodying that prestige oneself. In 2012, for example, the "cool kids" knew about Troye Sivan's YouTube channel, but that didn't make them Troye Sivan or afford them his resources.[9]

Sivan's fans are a resource that belongs to him, just as Martina McBride's fans are a resource she contributed to her partnership with Sunny D. But without the secondary, "shared" celebrity experience of consumers, it is unlikely that being famous could be used to produce the same amount of value. And that is a value that cannot be expressed exclusively in terms of either social or cultural capital; it is a hybrid of both.

Whether one considers celebrity capital as a subset of cultural capital or a separate form, it is clear that celebrity significantly impacts the music marketplace, and—as later chapters will discuss—has done so for centuries. If nothing else, celebrity is an expression of the relationship between performer and audience—another product of the transactional music experience.

Limits to Convertibility

While cultural, social, and celebrity capital are convertible to economic capital, it does not necessarily work the other way around. Even established musical artists with heavy economic support from their labels do not necessarily get popular or critical support for a given album or tour. For example, both Madonna's *MDNA* and Lady Gaga's *Artpop* albums logged precipitous sales declines after the first week—86.7 percent for Madonna and 82 percent for Gaga—as well as many negative reviews. Critical reactions to *Artpop,* for example, ranged from "it's a decent, if flawed, pop album" and "it's hard not to feel underwhelmed by *Artpop*—but then, that's the danger of hype," to "a bizarre album of squelchy disco."[10]

The reasons for the relative "failure" of *Artpop* are complex, including the evolution of music delivery systems since Lady Gaga's previous release, as well as changes in her creative approach. But the results themselves are hard to dispute. Despite a $25 million promotional budget, sales of only 258,000 in the first week, though decent, were significantly less than sales of her previous album. That number, plus the sharp decline in the second week, were discussed at the time as a disaster and even rumored to be the cause of layoffs at her label, Interscope.

Lady Gaga publicly dismissed that rumor, stating there was "no truth" to it, nor to the rumored $25 million losses.[11] But by mid-2014, even though it was apparent that the poor financial performance of *Artpop* had been exaggerated, the album still represented a financial disappointment for Interscope and a public relations disaster for all involved.

Sharp declines in album sales in the second week are typically considered an indication of bad word of mouth among fans and thus a possible measure of declining social capital. From a similar perspective, negative or even mixed critical response is an indicator of diminishing cultural status. Not only did Lady Gaga and her label Interscope fail to get a reasonable return on their material capital investment, but *Artpop* also damaged her social and cultural capital portfolios.

Today, new technologies and social media platforms offer novel ways to connect artists with audiences. As we will see in later chapters, the principle of using music to generate social and cultural capital and then converting them to economic capital remains valid, despite changing technological tools.

Another possible exception to the convertibility principle is the celebrity capital that accrues from being well known and frequently "hit" on digital social media. This type of capital appears more difficult to convert to the economic variety than earlier, nonmediated types. There are undoubtedly a variety of reasons for this, but one we must consider is that, at least in music, people are demonstrating real reluctance to change from "liking" an artist to "paying for" access to an artist's work.

An example of this phenomenon (from the summer of 2014) is found in the YouTube posting of OneRepublic's "Counting Stars" (2013). As of June 11, 2014, the official video, uploaded to the YouTube channel, VEVO, had been viewed 314,933,885 times, with 1,443,689 likes and 40,148 dislikes. Obviously, if nearly 315 million viewer/listeners had paid ninety-nine cents at the iTunes or Amazon music stores for the chance to hear the song, sales would have been astonishing (platinum times 300+).

In fact, however, as of the end 2014, the song had "only" 5.3 million sales in the US and a million or so more internationally. Those are significant sales and far outpace the YouTube "likes," but fall far short of the "hits" for this one posting on a single site. While not everyone who checks out a song on YouTube can be expected to buy a copy, the fact that roughly 95 percent of the YouTube viewer/listeners did not go on to buy this song seems like a significant number.

The type of cultural capital defined by "hits" on social media, therefore, appears to have less potential to directly attract economic capital than winning a Grammy or VMA award, or even the opportunity to perform "live" on such an award show. That said, the aggregate recognition of chart placements, international gold/platinum albums, and social media popularity can be seen as having an impact on live touring. Certainly OneRepublic thought so, citing the popularity of the "Counting Stars" video as the reason they expanded their summer 2014 tour from sixteen to twenty-seven dates.[12]

To summarize this discussion of capital, *economic* capital includes money and other tangible assets. This is "real" capital, while all other forms are "symbolic." *Social* capital is embodied in the resources of the people in a social network that are available for the use of others. *Cultural* capital is embodied in a person (social status, celebrity), an object (Rolls-Royce, Rolex, Louboutin, etc.), or an institution (a Grammy award, a degree from Harvard, etc.). *Celebrity* capital is a hybrid of the social and cultural forms and is threaded throughout music production and reception in most eras, as well as across the majority of musical genres.

Most forms of enterprise in music are hybrid in terms of the capital that they generate. This is the result of both the complexity of human motivation ("I want to make music that is meaningful to me, that other people like, and pay me for") and the convertibility of capital—within the constraints discussed here—from one form to another.

FORMS OF VALUE AND SYNERGY

Comparable to the forms of capital, the value created by music comes in various forms: artistic, social, and economic. Like capital, musical value is also convertible from one form to another. But even more than conversion, musical value is synergistic. Without the presence of all three forms—artistic, social, economic—a musical venture rarely succeeds and is never sustainable. With powerful artistry, social impact, and economic stability, the art lasts longer, more people enjoy and benefit from it, and more economic value is created for the artist and the larger economy.

As we go forward, you are encouraged to look not only for all the forms of value being created in a particular context, but also for the synergistic relationships among them. In its most fundamental form, the musical experience is a transaction between performer and listener. But the value it is capable of producing is both widely varied and incredibly complex.

CORE PRINCIPLES

Music enterprise becomes possible when musical experience is an exchange between people.

OPERATIVE DYNAMICS

Musical experience as transaction

KEY CONCEPTS

Forms of value: artistic, social, economic

Transactional frameworks: performance, composition, education

Performance transaction models: touring, tourism, patronage

Cost-benefit factors in performance models

Patronage

Artist/employee

Artist/entrepreneur

Middle class: social and economic implications for music

Socioeconomic concepts: ownership, access, capital

Forms of capital: economic, social, cultural, celebrity

Convertibility and synergy: capital and value

FURTHER CONSIDERATION

Multiple Forms of Value and Synergy

Called the "face of fusion philanthropy" by the *New York Times,* Bono and his band, U2, have used their celebrity status to support a number of humanitarian causes, including global hunger, human rights, and debt relief. Of the three forms of capital—economic, social, and cultural—which is most important to a social/political enterprise like this? Could similar results be achieved without any of the three? Why or why not?

See Tom Zeller Jr., "Trying to Throw His Arms around the World," *New York Times* 11–13–2006), http://www.nytimes.com/2006/11/13/us/13bono.html?_r = 0.

Learning from Mozart and Beethoven

What lessons can the careers of Mozart and Beethoven teach us? Students sometimes wonder about what it would take to start a record label today. If you are thinking of starting a record label or other music-based enterprise, consider the following:

Are you clinging to a familiar but outdated conception of music business, perhaps for sentimental reasons?

Or are you thinking: "Record labels are dead. I need to engage the newest technology and align my enterprise with current socioeconomic realities and apply my creativity accordingly"?

Are you being Mozart or Beethoven in your approach? Which do you want to be?