

Internationalization of independent record labels – key success factors

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<p>Tämä on Mikko Matikan opinnäytetyö, joka kirjoitettiin Suomessa vuonna 2014. Tässä opinnäytetyössä tutkitaan mitkä ovat keskeiset menestystekijät itsenäisen levy-yhtiön kansainvälistymisessä. Tutkimuksen teoriaosuus tarkastelee kansainvälistymisprosessia, musiikkiteollisuutta ja sitä, millä toimialueilla levy-yhtiöillä on toimintaa. Työn empiirinen osa on tehty haastattelemalla itsenäisten levy-yhtiöiden omistajia kasvotusten, puhelimitse ja sähköpostitse. Kolme viidestä haastatellusta olivat suomalaisten tai Suomessa operoivien yritysten edustajia. Kaksi muuta haastateltavaa olivat ulkomaalaisia.</p> <p>Kansainvälistymisprosessi tutkii sitä, miten yritys laajentaa toimintaansa kansainväliselle markkina-alueelle. Tämän opinnäytetyön teoriaosuudessa tarkastellaan erilaisia kansainvälistymisen motiiveja, ulkomaisten markkinoiden tarjoamia mahdollisuuksia sekä eri laajentumistapoja. Teoriaosuus esittelee lukijalle myös musiikkiteollisuuden pääpiirteet. Musiikkia voidaan pitää ”kokemustuotteena”. Kuluttajan on ensin koettava, toisin sanoen kuultava musiikkituote, ymmärtääkseen siitä hänelle luodun lisäarvon. Toisin kuin kulutushyödykkeet, jokainen musiikkituote on ainutlaatuinen. Levy-yhtiön tarkoituksena on luoda ja myydä musiikkilevyjä. Levy-yhtiöt pyrkivät luomaan arvoa heidän edustamilleen tuotteille vangitakseen kuluttajien huomion ja luodakseen uskollisen kannattajapohjan. Itsenäiset levy-yhtiöt erottuvat monikansallisista järjestäytyneistä yrityksistä kokonsa, resurssiensa ja taiteellisen näkemyksen vaalimisella.</p> <p>Haastatteluiden perusteella keskeisimmät menestystekijät levy-yhtiön toiminnan kansainvälistymisessä ovat kulujen minimointi, Internetin tarjoamien mahdollisuuksien hyödyntäminen markkinoinnissa ja verkostoitumisessa, yhteistyö muiden levy-yhtiöiden kanssa, oikeat artistivalinnat ja valmius alalla tapahtuviin mullistuksiin, yhdistettynä peräänantamattomaan yrittäjäyhteyteen. Vaikka tutkimustulokset olivat varsin konkreettisia, ne olivat loppujen lopuksi generisiä. Aihetta voisikin tutkia lisää keskittämällä näkökulman yhteen menestystekijöistä tai laajennustavoista. Lisäksi tutkimuksen voisi toteuttaa case-yrityksen näkökulmasta.</p>	
<p>Asiasanat Kansainvälistymisprosessi, musiikkiteollisuus, itsenäinen levy-yhtiö</p>	

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<p>This thesis is a research that studies the key success factors in independent record label's internationalization. This is a bachelor's thesis by Mikko Matikka, and it was written in Finland during the year 2014. The theory part of this research takes a look on internationalization process, music industry and record label operations. Meanwhile, the empirical part of the research was conducted by interviewing owners of independent record labels face-to-face, via telephone or via e-mail. Three out of five companies interviewed were based in Finland, while the two others were from abroad.</p> <p>Internationalization means the process of how companies expand their operations to foreign markets. The theoretical framework of this thesis consists of different motives for internationalization, foreign market opportunities and different kinds of entry modes. Also included in the theoretical framework is an introduction to the music industry. Music can be considered as a "experience" good. A consumer must first experience, in other words hear the music product to understand the value that it creates for him or her. Unlike commodity products, every music product is unique. The purpose of a record label is to create and sell music records. Record labels strive to create value for their products to capture the attention of consumers to create a loyal fan base. Independent record labels differ from multinational corporate companies with their size, resources and artistic integrity.</p> <p>According to the interviews, the key success factors in the internationalization of independent record label are minimizing overall costs, taking advantage of the Internet in marketing and networking, co-operation with other record labels, choosing the right artists and readiness for the changes occurring in the industry, accompanied with perseverance and entrepreneurial attitude towards the business.</p> <p>Even though the results were tangible, they were relatively generic in the end. Suggestions for further research therefore include examining one of the key success factors or entry modes more profoundly to gain additional information for the results of this study. Also further research could be done from a case company's point of view.</p>	
<p>Keywords Internationalization process, music industry, independent record labels</p>	

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1 Introduction

This bachelor's thesis is a research about the key success factors in the internationalization of independent record labels. The subject was decided due to my personal interest in music and the studying background of international business. Music has been an important part of my life because I have played drums as a hobby ever since I was a child, whether practising independently or in performing musical groups in and outside school. Other than playing music, I have been an avid listener and discoverer of new music through my entire life. This bachelor's thesis has therefore provided me a chance to combine my life-long passion towards music with my studies of international business and marketing.

Music as a concept appears as a very lucrative source of study since it may be used as a frame in characterizing entire cultures and different eras of cultural history. Music can also be heard everywhere, especially at present age, from mobile media players to the background music in cafes and restaurants, and in office buildings to live stadium shows featuring world class artists. Therefore, since music can attract masses of people, from a business point of view therein lies potential opportunities for entrepreneurs and existing companies in the field.

1.1 The aim of the research

The motivation behind this research is my personal desire to acquaint myself on how record labels operate generally, but also on how these businesses could be operated in international markets. The main objective of this research therefore is to find out what are the key factors that affect the success of independent record labels entering foreign markets. By examining theory on internationalization and music industry with the characteristics of record labels, and then comparing them to empirical data, I intend to specify the underlining factors that influence the success of the internationalization process of an independent record label.

1.2 Research problem and limitations

The main research problem for the study was:

Which factors matter in independent record label's internationalization process?

The supporting research questions were as follows:

What ways are there for entering foreign markets?

How does a record label operate?

How have the record labels internationalized so far?

The target companies in the research are independent record labels, which means that the conclusions made upon the data might not directly apply to corporate record labels' businesses. Similarly, the results of this research might not apply to most record labels which already have already internationalized their business operations to greater extent, but it will serve as a guide to those record labels aiming for international expansion in the future and for music entrepreneurs with the intention of starting their own label.

This study will first present the theoretical literature review on internationalization process, music industry and record labels. The internationalization part takes a further insight into different motives and methods for entering foreign markets along with the opportunities these markets they might present. The following theory introduces the reader to music industry and record labels. After the literature review, the methodology of the empirical part of the study is presented followed by the presentation of the findings of the research. Following this are general conclusions and discussion on what are the key success factors in the internationalization process of an independent record label. In the end the validity and reliability of the research is evaluated, followed by reflections on the authors own learning and suggestions for further research.

2 Theoretical literature review

This chapter discusses the theoretical framework of this study. Theories concerning internationalization in this chapter, alongside an overview of the topic itself, include motives for entering foreign markets, foreign market opportunities and foreign market entry modes. Afterwards, overviews of music industry, record label operations and independent record labels are given to help understand the characterizing aspects of this particular industry. Additionally, there are few example cases of how certain independent record labels have applied certain theories covered here in their businesses.

2.1 An overview of internationalization process

Today, globalization and an increasingly interdependent world have driven firms to expand their businesses over their domestic borders. This international expansion provides firms with new and more profitable markets, helps them to increase their competitiveness, and gives them access to new product and manufacturing innovations along with the latest technology available (Hollensen 2014, 19). As communication and logistic networks are integrating on a global scale, many international markets are becoming more and more convergent, and firms are encountering economic and cultural heterogeneity. This trend of globalization means that firms need to balance tensions in adapting to differing demands from different customers, which requires different skills and resources. At the same time firms have to attempt transferring knowledge and learning between its domestic and new foreign markets (Hollensen 2014, 21).

With globalization becoming a cornerstone in firms' business strategies, the ability to manage all the knowledge and information, regardless of what kind of product or service they are providing, to be competitive in today's knowledge-intensive economy is an important ingredient in sustainable competitiveness (Hollensen 2014, 22). Coulter (1998, 256) writes, that "there's no doubt that strategic decision makers will have to deal with international issues as they manage strategically. An organization's corporate strategies are likely to involve looking for ways to grow by taking advantage of the potential revenues/profits offered by global markets or to stabilize or revitalize the organization's core operations because of global competitors".

Most businesses start, develop, and grow within their immediate domestic markets. This implies that initially businesses normally engage in upstream and downstream value chain activities within domestic markets. Such business activities include both operational and financial characteristics. However, the potential for higher levels of operational and financial efficiency exist and may be generated by accessing international markets. Foreign markets often present a firm with the possibility to generate higher revenues and rates of return on financial investments as well as lower operating and financing costs (Curci, Mackoy & Yagi 2013, 4-5). By slowly extending its involvement in foreign markets the firm can learn from mistakes and successes so that it can control its continued growth through internationalization. Learning by exporting means that the firm becomes familiar with the demand conditions in the eventual host country: the selling methods, distribution system or mode of transfer of products and services (Bradley 2005, 281).

Table 1. Advantages and Drawbacks of International Expansion (Coulter 1998, 257)

Advantages and Drawbacks of International Expansion (Coulter 1998, 257)	
Advantages	Drawbacks
<ul style="list-style-type: none"> - Could lower operational costs - Provides a way to supplement and/or strengthen domestic growth - Contributes to achieving benefits of economies of scale - Becomes a stronger competitor both domestically and internationally 	<ul style="list-style-type: none"> - Poses greater economic, strategic, and financial risks - Process of managing strategically becomes more complex and challenging - Finding similarities in markets or operational capabilities is more difficult - Capturing and exploiting advantages is not easy or automatic

The internationalization can result from critical events, such as a change in ownership and management or a takeover by another company. These kinds of changes in ownership can bring in new policy makers with an eye for international business activities. Acquisitions can help firms to gain access to better financial resources, international market knowledge and existing networks of the company taking it over (Hollensen 2014, 90).

2.1.1 Motives for entering foreign markets

According to Mäkelä (2014, 41), the most common motives for foreign market entry appear to be profits and the foreign market potential. But as in most business decisions, such univocal reasons can rarely be contributed to a firm's decision to expand over home country borders. More commonly a mixture of motives result in a firm taking steps to begin internationalization (Hollensen 2014, 53). The attraction of growing international markets seems to be the most common reason for entering foreign markets. For some small- and medium-sized enterprises (SMEs), expanding into foreign markets gives them credibility in the eyes of international and domestic customers (Rodriguez 2007, 312). The underlying processes behind internationalization are the same for all firms. These processes include taking advantage of existing knowledge, resources, networks and relationships gained from previous business endeavours and domestic markets (Chandra, Styles & Wilkinson 2012, 95).

Hollensen (2014, 53-54) differentiates some of the most important motives for internationalization into proactive and reactive motives.

Table 2. Major motives for entering foreign markets (Hollensen 2014, 54)

Major motives for entering foreign markets (Hollensen 2014, 54)	
Proactive motives	Reactive motives
<ul style="list-style-type: none"> - Profit and growth goals - Managerial urge - Technology competence/unique product - Foreign market opportunities/market information - Economies of scale - Tax benefits 	<ul style="list-style-type: none"> - Competitive pressure - Domestic market: small and saturated - Overproduction/excess capacity - Unsolicited foreign orders - Extend sales of seasonal products - Proximity to international customers/psychological distance

Proactive motives are firm's incentives to attempt strategy change, based on the firm's interest in exploiting profitable market possibilities. The desire for short-term profit plays an especially important part for SMEs when looking for motives to expand to foreign markets. Also, the stronger the firm's managerial motivation and enthusiasm to

grow is an adept motive for expansion. Often, this motivation to internationalize is simply a reflection of the decision makers' general entrepreneurial urge for continuous profit growth and market expansion (Hollensen 2014, 56). The firm's superior technology competences in their product or manufacturing, and market opportunities that surface from this advantage or specialized marketing knowledge about foreign customers, marketplaces and market situation, and past success in related marketing activities might also influence the decision to expand business activities.

Decision makers may find other proactive motives such as increasing firms output and therefore reducing the production costs for domestic sales making them more competitive at home market. For some companies the exploitation of economies of scale means that they can standardize their marketing methods internationally. Tax benefits may be another proactive motive for a firm, as they allow the firm either to offer its products at a lower cost in foreign markets, although the World Trade Organization (WTO) have composed anti-dumping laws to protect local producers by limiting foreign producers for selling products at a very low price. Most countries in the world have signed these laws and must abide by them (Hollensen 2014, 57).

Reactive motives represent the threats that a firm faces in its home or foreign markets by adjusting its behaviour on activities over time. The most common form of reactive motive is reacting to competitive pressures. This means that a firm may fear losing its domestic market share to competing firms that have internationalized their business and benefited from it. Knowing that competitors are internationalizing provides a strong motive for a firm to expand to foreign markets (Hollensen 2014, 58).

Alongside with the influence of competitors, the effects of a firm's home market are crucial motives for expansion. A small domestic market may not be able to sustain sufficient economies of scale and a firm must therefore include export activity as part of their market entry strategy. A saturated home market has a similar effect. Products that are marketed domestically may reach the declining stage of their product life cycle. Rather than trying to restart the life cycle process, a firm may choose to extend or prolong the product life cycle by expanding to markets where there still is considerable demand for the product. Also, if a firm's home market sales are below expectations, the

product inventory can grow above wanted levels. This may lead a firm to start exporting their product with short-term price cuts on inventory products. Similarly, if equipment for production is not fully utilized, expanding into international market may be seen as an ideal solution for gaining broader distribution of fixed costs (Hollensen 2014, 58-59).

2.1.2 Foreign market opportunities

International markets may present very different business opportunities and threats compared to those which an internationalizing firm has dealt with in its home market. General terms such as political stability or cultural attitudes need to be taken into consideration before undertaking a comprehensive market analysis. This helps a firm in considering which foreign markets appear generally attractive targets of expansion (Palmer 2000, 604). A firm needs to know how different countries, institutions, and firms operate if they are to succeed in new marketplaces. To acquire market knowledge and information about foreign markets, a firm must know how to execute a market information research. It is important to know what kind of information needs to be sought, and where and how it can be found (Fletcher, Harris & Richey Jr. 2013, 49).

A firm's internationalization is unlikely to be successful without it preparing for it in advance. The firm's ability to carry out strategies in the foreign marketplace plays a vital role in the process. These skills in international business operations consist of personal characteristics such as language skills and cultural sensitivity, managers' past international experiences and company's financial resources. By preparing well for the international expansion, a firm has a good basis for succeeding in the foreign markets and consequently gaining higher market share (Hollensen 2014, 19-20). Also, the past knowledge and resources which come from past actions, learning and networks can turn out to be important factors in outlining the firm's ability to expand into foreign markets (Chandra, Styles & Wilkinson 2012, 95). Large companies got to know their domestic market before engaging in international business activities by following a step-by-step process. After gaining access to local markets they moved to regional and ultimately national markets. Once establishing their position in the domestic market, they looked for opportunities to expand abroad (Rodriguez 2007, 306).

According to Palmer (2000, 604), the PEST framework is a useful tool in analysing foreign market characteristics. It consists of political, economic, social and technological factors. *Political factors* include those circumstances, which an individual government can influence at a national level, affecting the marketing opportunities of a country in question. Very often unstable political systems are a major unappealing factor to companies when they are considering entering a foreign market. Similarly, legislation may be used by governments to protect domestic producers against foreign competitors for example by appointing import controls. Other kinds of regulations concerning product standards may also be imposed to protect domestic producers. Also, when establishing facilities in a foreign country, legislation on health and safety standards as well as minimum wages may increase a firm's costs. Legislations protecting trademarks can vary between companies and in some countries trademark owners may find it harder to protect itself legally from copy cats. Along with regulations, restrictions on currency movements may make it harder for a company to repatriate profits earned in foreign markets (Palmer 2000, 605).

Companies also need to take the political significance of trading blocs into consideration. These trading blocs create both problems and opportunities for firms looking to grow within a foreign country. The problems include tariffs and other restrictions which are placed on import products from outside the blocs. On the other hand, the biggest opportunity is that once a firm establishes itself in one trading bloc member country, expanding to other member countries becomes much easier because of similar standards within the bloc (Palmer 2000, 605).

Economic factors are fundamental information that affect the value of a business or an investment, in this case in a foreign country. All other things being equal, an exporter would target prosperous foreign markets. According to Palmer (2000, 606), a generally accepted measure of the economic attractiveness of a foreign market is the level of GDP per capita. However, firms looking to expand abroad need to consider the distribution of income within a target country from which profitable niche markets are found. For example, some developing countries have a low GDP per habitant, still al-

lowing a small but wealthy group of society to have the ability to pay for luxury products and services. In addition to analysing a country's prosperity as it is now, it is also important for a firm to consider how it is likely to develop in the future. Although markets for some products are saturated in the West, they may be starting to grow in less developed economies. Similarly the level of competition should be considered from the perspective of present-day and the future (Palmer 2000, 606).

Social factors stem from an understanding of societies' cultural values. Individual consumers from different countries and cultures not only purchase different products, but may additionally react differently to the same product. Some products and services may be interpreted outdated by different social classes or some products may be seen socially unacceptable abroad even though being well-received in the domestic market. There are also differences in buying behaviour and processes between different cultures. For example, the role of women in shopping for certain categories of products may differ in foreign markets. Additionally, the population structures differ significantly between countries. Within the EU, there are large differences in the amount of population which is either young or elderly, implying differing demands for age-related products. According to Palmer (2000, 607), Ireland has a low proportion of the population aged over 60 and a high proportion of people aged under 20, while this situation is reversed in Germany.

Taking *technological factors* into consideration when examining potential foreign business environments is important especially to those companies who require the use of a well-developed technical infrastructure. Communication networks are a vital element of the technological infrastructure. In countries where telephone or postal communication is not developed well enough, attempts to respond rapidly to customers' requests becomes more difficult. Furthermore, in countries where there is a low level of skills to produce goods and services for technological support, the ability to carry out production may be limited (Palmer 2000, 608).

2.1.3 Foreign market entry modes

Even though firms may have same resources, skills and motivation, they might end up taking different paths of internationalization depending on their varying forms of business and strategies. While one firm may operate in an already internationalized industry or country with networks to other profitable markets, another may operate in a market where there are far less connections reaching out to foreign markets, making the process of internationalization more difficult to them (Chandra, Styles & Wilkinson 2012, 95). The entry mode for international market may be decided by determining the knowledge or know-how linked to the product which is being taken abroad (Bradley 2005, 283). According to Wright, Westhead & Ucbasaran (2007, 1024), small- and medium sized enterprises may have greater range of paths for entering foreign markets. Further, modes of entry that were considered to be available only for firms which are experienced in internationalization, may now be also appropriate for those who are at the beginning of internationalizing.

The first option many companies explore in their process of internationalizing their businesses is *exporting* their product, which means that the product is shipped into a foreign market in one way or another (Baack, Harris & Baack 2013, 58). Exporting is considered as one of the quickest and simplest ways to enter a foreign market, because the level of risk is minimized because of the investment of managerial and financial assets is relatively low compared to the other modes of entry (Bradley 2005, 225). In addition to the fact that exporting is carried out at the earlier stages of internationalization, it can also be done again at the more committed stages where the firm, having acquired a larger share in a foreign market, decides to export from there to other third markets (Bradley 2005, 227). The biggest advantage of exporting is its lower costs compared to entry modes and it includes no larger long-term purchases or commitments to foreign partners (Baack, Harris & Baack 2013, 58). Exporting is therefore usually chosen as a mode of entry when the firm is small and lacks the resources for foreign joint ventures or other international investments, uncertainties such as political risks or unattractive markets prevent further commitment to internationalization, or when there is absolutely no political or economic pressure to manufacture a product abroad (Bradley 2005, 225-226).

Exporting can be accomplished in a variety of ways, including direct sales and the use of an intermediary. The introduction and growth of the Internet make *direct sales* methods easier to put into practice, meaning that nowadays individual customers are able to buy products that will be directly shipped to them in any nation with infrastructure that has developed to carry out routine postal package deliveries (Baack, Harris & Baack 2013, 58). Therefore, in direct selling the intensity of exporting activity is high but the level of risk and the degree of control is low (Bradley 2005, 226-227). A firm may also assign *intermediaries*, for example agent wholesalers or retailers, to represent their products over different countries. Their main task is to smoothen transaction processes in business-to-business and consumer markets, which liberates the firm from additional activity such as organizational restructuring when selling products in other countries (Baack, Harris & Baack 2013, 58).

The biggest downside in exporting is the lack of control. In some cases, a firm ships the product abroad and might later have no further contact with it because the firm cannot control foreign retailers who buy their items. Similarly, the firm cannot influence matters such as how their product is displayed or other incentives that influence consumers' choice and satisfaction. Without control over these aspects, the firm has a risk losing the ability to later enter the foreign market more aggressively (Baack, Harris & Baack 2013, 58). Therefore, companies who possess competitive advantage that can be contributed to superior technical or product coordination skills rarely engage in exporting activities (Bradley 2005, 283).

According to Bradley (2005, 237), the importance of a positive managerial attitude towards exporting and the commitment of managerial and financial resources to the internationalization process is crucial to the success of the firm, irrespective of size of the company. When estimating the cost of exporting and competitiveness, it is essential to consider product quality and design. The costs of exporting – stemming from market research, product adaptation, shipping and agency fees – have a strong influence on a company's export activity; this might mean that large firms may have an advantage over smaller firms because of their greater resources.

Sometimes, instead of actually entering a foreign country, a firm can choose *licensing*, which means giving another company a contractual right to use their brand, image or some other marketing component (Baack, Harris & Baack 2013, 58). According to Battersby & Simon (2012, 1), the term “licensing” means any transaction in which the owner of a piece of intellectual property grants another party the right to use this property in exchange for some kind of consideration or payment. An example of licensing is “ancillary product licensing” or simply “merchandising”, in which a firm licenses a popular brand or character for products in categories different from those that it is originally known for (Battersby & Simon 2012, 1-2). Basically all licenses are granted for a defined period of time, usually measured in years or for temporarily for the time a licensee continues to sell licensed products (Battersby & Simon 2012, 3).

Much like exporting, licensing also provides the firm a quick and a low-cost means of entering a foreign market. By selling the rights to manufacture or distribute a product to a local partner, who holds additional knowledge about the local market, creates revenues and increases the chance for success for the firm (Baack, Harris & Baack 2013, 59). For instance, licensing is a reasonable choice as a means of entry for a firm producing large, bulky products with low value, because of high transport costs and lack of knowledge about local market and manufacturing environment.

Table 3. Advantages and disadvantages of licensing in international markets (Bradley 2005, 244).

Advantages of licensing
<ul style="list-style-type: none"> • Access to difficult markets • Low capital risk and low commitment resources • Information on product performance and competitor activities in different markets at little cost • Improved delivery and service levels in local markets
Disadvantages of licensing
<ul style="list-style-type: none"> • Disclosure of accumulated competitive knowledge and experience • Creates possible future competitors • Lack of control over licensee operations

-
- Passive interaction with the market
 - Possible exclusion of some export markets
 - Organizing licensing operations: cost of adaptation, transfer and control
-

There are also geographical reasons why licensing could turn out to be a successful mode of entering foreign markets. Few firms have the sales force needed or sufficient manufacturing capacity to satisfy and support the demand in wide market areas abroad. Therefore, obtaining licensing partners can be an attractive option in larger potential markets (Bradley 2005, 244). According to Bradley (2005, 244), “Small- and medium-sized firms attempting to expand and grow frequently experience cash flow and liquidity problems”. Since the income originating from licensing is purely profit (involving little extra investment), licensing a product may speed up the cash flow from foreign markets.

The main disadvantages in licensing, again much like in exporting, focus on the lack of control. After signing the licensing contract, a licensee can draw away from the image of the licensor company. Without licensor’s control over decision-making, the licensee has the freedom to make what may turn out to be poor marketing choices (Baack, Harris & Baack 2013, 59). It is difficult for the licensor to guarantee proper quality control in production that the licensee maintains, which is a serious downside when the licensor’s brand or trade name is used. It is also expensive to oversee other terms in the agreement, for instance territorial limits (Bradley 2005, 246). Therefore, a licensor must have exclusive and internationally easy access to transfer property rights to the product or the method of production that is being licensed, and have the ability to control the operation, including the geographic market area in which the license is in effect (Bradley 2005, 245).

Securing protection for the licensed property at an initial stage is similarly important. As stated by Battersby & Simon (2012, 73), most licensees insist that the licensor has some form of intellectual property protection in place before signing a license agreement that will obligate them to pay the licensor for the right to use the property. Without securing the property by licensing, the partner’s use of the licensor’s intellectual

property would be considered infringing use. Thus, the license protects the licensor company from infringement (Battersby & Simon 2012, 1).

A centrepiece of *franchising* is a contractual agreement, which allows a firm to implement another firm's business model. According to Bradley (2005, 246), "Franchising is a derivative of licensing whereby a business format is licensed rather than a product or process technology". In a franchising relationship the contract outlines the business model by which a franchisee is obliged to abide. In return for an upfront payment, the franchisee company is allowed to use the franchisor company's colours, images and products, which means that the parent company has major control over the whole marketing process. Thus, the income for the franchisor stems from such fees and royalty payments, which the franchisee is obliged to pay in order to carry out the parent company's business model. Even though international franchising agreements are common in developed countries, they can also be profitable in emerging markets with suppressed demand for high-quality products. Good examples of international franchising chains include McDonald's and KFC restaurants, and 7-11 convenient stores (Baack, Harris & Baack 2013, 59-60).

The biggest advantage of franchising is that it allows a firm to quickly enter many international markets and consequently expand its business quicker over a larger market area. In franchising a business format is sold to another party who operates it in the manner which has proved successful by the parent company, using the resources of the local entrepreneur with local market knowledge, enabling the expansion of franchisor's business with minimal use of capital (Bradley 2005, 247).

The risk of franchising derives from a poorly operated franchise, for example if the franchisee ignores some contract obligations or makes business decisions that harm the parent company. Costs for the parent company therefore break out from inspecting and maintaining franchising businesses it has obtained (Baack, Harris & Baack 2013, 60). Bradley (2005, 247) writes, that "From the point of view of the franchisor, the major risk is the possible bad effect the franchise could have on brand names. Legally, the franchisee is a firm dealing with another firm – the franchisor". The nature of the franchising contract, then, suggests that the franchisee is closer to being an employee of

the franchisor instead of an independent entrepreneur. This means that the franchisee has the advantage in bargaining more perquisites for itself since it holds the license to operate under the franchisor's name, and therefore some unfavourable situations may arise from the franchisor's point of view.

Qualities of a successful franchise deal include the quality of the business format, the brand name that is linked to it and the economic activity and business environment in the target country or market where the franchise is going to operate. A profitable franchise will attract motivated partners and what's more, the franchisor's costs are likely to be low because the organization consists of a few experts abroad in local market knowledge. Even further, the franchisor will not have to take care of routine entrepreneurial tasks and details of wholly owned outlets (Bradley 2005, 247).

Joint ventures are formations of two or more firms, who form a third firm to carry out profitable business activity. It can be considered a type of co-operation a total coalescence of business activities within an organization or dividing the stages of production or distribution between the venturing companies (Bradley 2005, 248). Joint ventures are often created when the partners do not want or cannot legally merge together permanently. As a solution they create a separate entity to carry out their mutual business activities ranging from manufacturing to marketing a product. Joint ventures are popular in companies' aiming for global expansion since it minimizes the financial and legal restrictions that, for example, might cause troubles for merging companies (Coulter 1998, 263).

Joint ventures can take various forms depending on the situation. For instance, firms can co-operate in a spider's web strategy which consists of many firms linked together by whatever reason, usually involving a strong competitor company with a large market share. This means that smaller firms may face dangers of absorption in joint ventures with such networks. The two dangers associated with this strategy are (Bradley 2005, 248-249):

- indirectly forming a link with a competitor, and
- the possibility of a takeover.

To avoid such risks, companies sometimes co-operate only for a period of time and then separate. This is called a go-together then split strategy, which is often used for projects with a time limitation such as construction schemes. On the contrary, other firms might find their relationship with joint venture partner becoming deeper. The partners may even end up creating with subsequent integration and merger strategies if their business interests and goals remain mutual (Bradley 2005, 249). Additionally, joint ventures provide even more advantages such as combined assets with a foreign company, for instance the access to local connection and deeper understanding of the local business environment (Baack, Harris & Baack 2013, 60). This reduces the political risks and improves the company's competitive position since they are provided with access to new resources and markets. Joint ventures also ease the transfer of technology and knowledge assets into products the partners are selling (Bradley 2005, 249).

The potential problem in joint ventures is, once again, the matter of control. A joint venture must deal with double management, which means that difficulties of making decisions quickly sometimes arise. If a partner has less than 50 per cent ownership in a joint venture, they must let the partner holding the majority of shares make decisions (Hollensen 2014, 387). Since especially SME owners call for independence in their business actions, they might be reluctant to renounce their control even though it may be vital in effective joint ventures and other alliances. Problems may also present themselves when a firm wants to repatriate profits from a joint venture, while their foreign partner might want to reinvest them in other operations (Hollensen 2014, 387). It is important for them to understand that they might be unable to internationalize via joint ventures without losing control (Wright, Westhead & Ucbasaran 2007, 1024).

Joint ventures can be a method of reducing risks especially when the joint venture involves large investments. It may be also worthwhile in variegating the range of investments of the joint venture partners. Bearing this in mind, the joint ventures can make it possible to access the partner company's marketing knowledge instantly rather than waiting for the natural internal development of such skills (Bradley 2005, 249).

If a company enters a foreign country by gaining a 100 % ownership stake in a business there, it has created a *wholly owned subsidiary*. This subsidiary must adjust to local

regulations and cultural standards, operate in the native language of that country, apt to local economic conditions and the local infrastructure. As the company establishes the subsidiary, it can use its own brand, logo, and colors, while maintaining control over marketing decisions and operations (Baack, Harris & Baack 2013, 61).

To establish a wholly owned subsidiary, a firm can either acquire an existing company in the target country or establish its own operative unit from scratch, called a greenfield investment. Acquisitions provide access to local distribution channels, existing customer bases, and sometimes to established brand names and reputations, allowing a quicker entry to a foreign market. If the local existing management is preserved in the organization structure after the acquisition, it may ease the entry to a local market, especially if the parent company has a little familiarity of doing business in foreign markets, because of the market experience that the local managers possess. Similarly, in the case of target market being saturated, acquisition might be the only executable way of establishing a business unit in the target country, since there is high competition and significant barriers to entry (Hollensen 2014, 407).

Unlike with the most international entry modes, the primary advantage in a wholly owned subsidiary is control, since the firm does not need to consider partners or such other parties in their decision-making. Protecting information about the firm's property from competitor is crucial in having control. Additionally, while external factors such as governmental rules and regulations affect the firm's success in acquisitions, this success, then, derives mostly from external factors. The risk in establishing a wholly owned subsidiary lies in the time and monetary resources that are needed to enter a country in such extent. The monetary risk can be contributed to the fact that the parent company has no local partners and therefore has to bear the financial investment all by itself. Also learning costs might occur from accustoming to the local culture and regulations. Some of the control may also be diminished when the company needs local expertise in helping the transition to the new market (Baack, Harris & Baack 2013, 61).

The complications associated with acquisitions may lead internationalizing companies to prefer establishing business operations from ground up, where production logistics

is a key industry success factor, and when a potential acquisition target turns out to be too expensive or does not exist at all. The ability to consolidate business operations between different countries, and to find a direction to future international expansion, is often the main motivation in establishing wholly owned subsidiaries. Further motives for greenfield investments can also stem from incentives that the host country is offering (Hollensen 2014, 407).

Born globals are companies that are created specifically with the target of internationalization, seeking superior international business performance right from its birth by applying knowledge resources to the sale outputs in multiple countries. Often born global companies are SMEs that have targeted a foreign niche market, taking advantage of a unique product that they are offering (Rodriguez 2007, 314). The underlining feature in born global firms is that they often are managed by entrepreneurial visionaries who view the world as a single marketplace without borders, right from the firm's foundation. By often operating under time and space limitations, they have been led to adopt this kind of comprehensive global approach right from the get-go. (Hollensen 2014, 88-89). Rather than its own characteristics, the context of the operative business often determines if a firm is a born global. This context includes the history, the available learning resources and the networks the firm has an access to (Chandra, Styles & Wilkinson 2012, 95).

Some born global companies have long histories of taking a step-by-step path after a certain point in their internationalization journey. These kind of firms have a lengthy development process preceding their born-global era by bringing existing knowledge, relationships, networks and prior business goals into their current endeavour and so becoming a born global. Yet, they internationalized only gradually from a certain point of time by growing in stages according to the opportunities sought and developed, the degree of risks, commitment, and control granted by the entry mode they have chosen (Chandra, Styles & Wilkinson 2012, 93).

The advancements in communication technology have become an important trend supporting born global firms. With the invention of the Internet, e-mail and other telecommunication devices such as smartphones, tablets and similar computer-supported

technologies, smaller firms can operate effectively across borders. Information is nowadays quickly accessible and still the technology is advancing by getting faster, which means that even more people are to be reached in the future (Hollensen 2014, 90).

2.2 An overview of the music industry

Music can be labelled as an “experience” good, which means that music must be heard and experienced by a consumer for it to be evaluated. Each song or a piece of music is unique and therefore a total opposite of a typical commodity product. Artists aspire to stand out from each other and their past work, so they constantly innovate their “supply”. This means that music consumers are faced with an intensive search and evaluation process before purchasing a music product (Bhattacharjee & co. 2009, 136).

Whether performed live, recorded to be sold as records or digital downloads, broadcasted on radio, or streamed via the Internet, for music to reach a listener around the world a group of people, other than the artist, are needed (Stiernberg 2008, xv). The global music industry is vast and diverse. An estimated three million individuals are employed in the North American music industry alone, which receives billion dollar revenues each year (Stienberg 2008, 24). As in any other industry, the businesses in music industry range from large and complex to small and simple organizations. And as in other industries, music industry too is full of business opportunities and competitive challenges (Stiernberg 2008, 20).

2.2.1 Digitalization of the music industry

The introduction of technology, the Internet and file sharing networks, MP3 files and the extensive activity of illegal downloading of copyrighted music files have caused a major structural recalibration in the music industry (Hracs 2012, 442). Technology and peer-to-peer file sharing between anonymous users have made the copying of recorded music for private use basically free of cost (Arias & Ellis 2013, 124). Furthermore, technology has also created a new landscape of music production, where artist is no longer tied to consulting an established music production organization (Hracs 2012, 456).

Digital technologies have made traditionally expensive and specialized activities accessible to a wider range of artists, removing the traditional barriers of cost and skill that previously went hand in hand with these activities. What is more, the Internet has allowed them to market and distribute music completely by themselves (Hracs 2012, 454). In the past, in the LP- and CD-era, a record label had huge advantages. It handled basically everything from producing the record to the end of the supply chain, including the logistics, warehousing, and distribution, adding retail promotion teams to service the record. This advantage has diminished with the breakthrough of digital music. As other normal market conditions which are further causing sales and revenues to plummet, especially the large corporate record labels are not able or willing to develop artists or tolerate their occasional slumps (Fine 2007, 110). The bar of getting signed and support provided by major record labels has risen significantly higher than it used to be. Traditionally they had many promising musical acts in their line-up ranging in various genres, hoping that a few commercial successes would pay for the failed acts. Currently major labels strive to reduce costs and risks by only keeping those commercially successful artists and discarding the rest. (Hracs 2012, 453).

But even though sales of physical records have been declining and digital media is rising, the recorded music industry is not dying. To conclude this, it is perhaps good to remember what “record” means. It is an abbreviation of the word “recording” that has been in use for many decades. In the past record companies offered a multitude of record formats including vinyl LPs, reel-to-reel tapes, CDs and cassette tapes. Today, the choices include digital downloads and portable digital media such as music, video, and liner notes in addition to standard formats. Furthermore, there are box sets that range from a few CDs to include multimedia recordings with audio, video, print, and online components. The content is still music, regardless of what the packaging format is. The “record” is still an art object, not a commodity product (Stiernberg 2008, 169). While these new, creative ideas for distributing music digitally seem to be trending, it should not be forgotten that many music consumers are still willing to buy physical records (Suominen 2009, 39).

According to Bhattacharjee & co. (2009, 140), the new market landscapes represent new challenges for the music industry and these challenges should be turned into opportunities. The product is not the same as it used to be and neither is the way it is experienced, but the music industry now has a product that is involved in people's lives more profoundly. The consumers are changing their preferences about music and how they want to experience it, but they have not abandoned it. Instead, they have embraced music and made it a greater part of their daily lives. The challenge for the music industry, then, is to adapt and innovate with dedication and effective market knowledge. Suominen (2009, 40) further writes, that "record companies should be aware of and understand the habits and lifestyle of their target group in order to promote the right music to the right consumers".

2.3 An overview of record labels

A record label's primary purpose is to create and sell records. Apart from the investments in producing records, every dollar has a sole function of selling records. A record label is therefore like any other company in any industry imaginable (Rudsenske & Denk 2005, 7). Record companies aim to create value for their various products, thus getting consumers attention on a consistent basis to create a loyal fan base (Hutchinson, Macy & Allen 2010, 93). An example of this type of value creation is promoting artists' records through advertising mediums such as magazines, radio, television and the Internet (Rudsenske & Denk 2005, 7).

In order to create value profitably for their products, record labels have to put a lot of effort into marketing and promoting their artists' work. They need to find the right customer segment for each artist, make the customers aware of the existing product, and get the product to customers so that they can buy and listen to it. Labels who do not emphasize these aspects of the music business, usually tend to fail (Rudsenske & Denk 2005, 187). The size and the monetary resources can dictate the kind and the volume of promotion that a record label is able to conduct (Rudsenske & Denk 2005, 7-8).

2.3.1 Record label operations

Every record label is structured uniquely, according to the music genre and the specific skills of its personnel. A typical record label has divided its specific duties to different departments. Depending on the size of the label, some of these departments may be combined, or even out-sourced, meaning that the task that the department given to someone not on the label's staff. All the departments work towards the same goal, which is to create a profitable music product (Hutchinson, Macy & Allen 2010, 93-94).

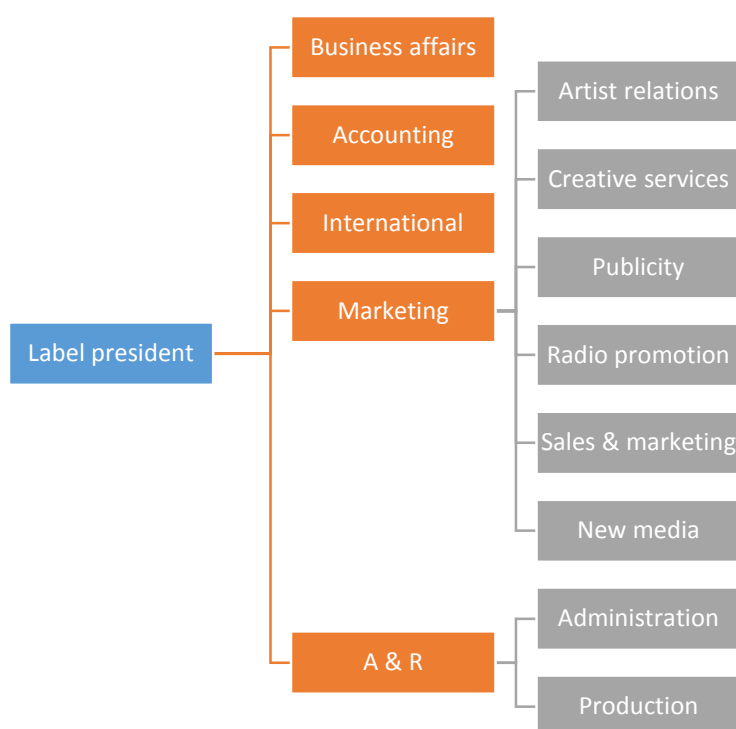


Figure 1. Typical record label structure (Hutchinson, Macy & Allen 2010, 95).

The business affairs department is run by the lawyers of the label who negotiate with the label's best interest in mind. In most cases every new artist has own managers and lawyers supporting them, meaning that the label wants to reduce risks by negotiating contracts most beneficial to them. Besides being responsible for artist contracts, a label lawyer negotiates and executes also the following types of agreements (Hutchinson, Macy & Allen 2010, 94):

- Licenses of recorded samples to third parties
- The right to use specific album art

- Accounting or supervising of royalties
- Renegotiating new artist contracts
- Contractual disputes such as delivery issues
- Conflicts with contract such as guest on another recording
- Supplier contracts and relations

The work of the accounting department often goes hand in hand with business affairs because they both deal with contractual agreements and financial obligations. Additionally the accounting department takes care of all the economic activity within the record label. For example, they calculate budgets for each department according to the record release schedule (Hutchinson, Macy & Allen 2010, 94).

The artist and repertoire (A&R) department is responsible of scouting new talents and developing recording artists. They do this by acquiring master versions of an artist's music for the label to market forwards. They can either remaster previous recordings, create compilations of an already famous artist's songs, purchase a readily produced master or sign an unknown artist. How the master is marketed will eventually determine how successful it will become, but the goal of the label is to minimize risks by knowing the end product right from the start. Therefore especially the phenomenon of signing of an unknown artist is very rare. A&R representatives can also take active roles in guiding the musical direction of the master by helping in songwriting and overlooking the whole recording process, depending on what the label is looking for in the final product (Hutchinson, Macy & Allen 2010, 95-96).

The artist development department manages the artist through the process of making a record and generally being a part of a record label. They manage such aspects as the delivery of the recording, photo and video shoots, and promotional activities. In addition they also keep their eyes peeled on new marketing opportunities that could maximize the unique attributes of the artist. The artist development department usually creates a strong relationship with the artist and artist manager, with other departments in the company looking to them in prioritizing individual department needs with the artist (Hutchinson, Macy & Allen 2010, 96-97).

The job of the creative services department is to manage photo and video shoots by setting up the arrangements and collaborating on design and concept matters with artists, also ensuring consistent quality in visualizing of the artist in promotional flyers and other advertisements. Sometimes the department includes teams of designers who are simultaneously a part of the label personnel. If a label does not have its own crew of designers, design of album cover art and supporting materials are out-sourced (Hutchinson, Macy & Allen 2010, 97).

The publicity department takes care of the media exposure of the label's artists. The department personnel create biographies for each artists by conducting interviews with them. In addition, sources like photos, articles, reviews, discography and awards or other credits are compiled for a press kit for each artist. A press kit is a tool used by the publicity department to help secure exposure for an artists by being distributed to trade and consumer outlets. Sometimes artists may hire their own independent publicist to take care of these matters, in which case label works in co-operation with the indie publicist to avoid redundant information to emerge and therefore ensuring the efficient marketing of the artist (Hutchinson, Macy & Allen 2010, 97-98).

The primary task of the promotion department is to guarantee radio airplay for the artist's music. According to Hutchinson et al. (2010, 98), surveys continue to show that listeners still learn about new music and artists via radio, despite the breakthrough of the Internet. To secure airplay in the radio, promotion department assigns promotion staff that carry out specific radio marketing activities, for example on-air interviews or guest starring appearances of label's artists.

The label's sales and marketing department's job is to sell the product to retailers and ensure visibility of the product at the consumer level. The work of the other departments affect sales and marketing's work since if other parts of the product cycle are done efficiently, the end product will be much easier to market to retailers as there will be demand for the record. For the record to find its way to the retailers, the sales and marketing department must co-operate with a distribution company by educating them

about new releases and their marketing plans in order to guarantee efficient distribution of the record (Hutchinson, Macy & Allen 2010, 98-99).

Final piece of a typical record label structure is the new media department, which has various agendas. They develop and manage artists' web sites, manage advertising in social media and the Internet by creating "widgets" and banners, which can be used as content for online media tools in different magazines' and newspapers' websites. They also handle business arrangements with important digital marketing partners (Hutchinson, Macy & Allen 2010, 99).

2.3.2 Independent vs. corporate record labels

The concept of independent record label has existed ever since music became marketable. Originally the term meant that someone saw an opportunity to help culture grow with a possible chance of making money out of the type of music or an artist who was currently trending (Rhymesayers Entertainment 2014). However, the independent label did not originate as much from a profit motive but from true passion towards music and its progression. The main characteristic of indie labels – from a business point of view – is their strong marketing attitude combined with sincere artistic integrity. Their entrepreneurial motivation does not derive from commerciality, shareholders or parent companies but from the expression of self through an own association with artists one truly believes in (Ambler 2013, 23).

According to Schwartz (2003, 8) the most common motives for starting an independent record label are:

- Wanting to press up something to sell at gigs and use to promote one's music in order to attract a record deal
- Wanting to stay independent and have a product to sell at gigs, to pitch for use in films and television, and to use to make more money on one's own.
- Wanting to use one's own label as a vehicle for discovering and developing new talent and artists and as a way of getting hooked up with a larger label.

- Wanting to market the wealth of unsigned talent out there purely because of passion towards music.
- After having worked in the industry for years, wanting to use one's hard work and contacts to establish one's own business.

While independent labels have been an integral part of the music industry for decades, their importance is becoming ever more important. In the past, radio and television were represented the dominant tools of promotional media and were reserved for major label artists. Nowadays, the Internet has become “the main stage” for promoting new and existing artists and independent labels have taken the advantage of this platform extensively. Today, independent record labels are responsible for about a third of overall record sales in the music world (Pigeons and Planes 2013). A practical of example of indies' utilizing the Internet is the “MP3 blogs” which follow a format that includes background material such as biography and multimedia representation of the artist and description of the product with links to artist websites and online retailers where the product can be purchased (Bhattacharjee & co. 2009, 138). Not surprisingly, smaller labels tend to have smaller promotion budgets and therefore they are motivated to find new and creative ways to promote their artists' records (Rudsenske & Denk 2005, 8).

According to Stienberg (2008, 21) “For music people, “Corporate versus Independent” is more about the structure, size, and scope of the business”. Historically, independent labels have been relatively small in sales stature and were genre- or regionally specific, tending to react quickly to marketplace trends (Hutchinson, Macy & Allen 2010, 100). Schwartz (2003, 9) also writes, that “the best talent often comes from innovative folks who put out music themselves. Major labels don't tap into the cutting edge or have the patience to nurture an act with tremendous potential. Artist development ranges from slight to non-existent at majors. Indies provide it”.

It appears that despite the differences in company size and resources between corporate and independent record labels, the “indies” are slowly gaining more customers in the music industry, thanks to the Internet re-modeling the global music market. Corporate record labels are maintaining their stature as star-makers by discarding long-term

development of artists has led an increasing number of consumers on the Internet to seek new experiences from the supply of indie labels in order to satisfy their developing musical tastes (Macy 2010, 100). According to Bhattacharjee et al. (2009, 138), smaller record labels and artists have started to see the positive impact of having their songs posted on the Internet, including the realization that “they are getting honest feedback from people who are passionate about music, buy records and talk to their friends about what they like” (Bhattacharjee & co. 2009, 138).

2.4 Examples of independent record label internationalization

Successful independent record label owners have realized that their labels are businesses and treat them accordingly. They understand that success comes from being the best, rather than the biggest. They take methodical, careful steps in approaching the music industry and appreciate the value of building their business one step at a time. Incidentally, their labels tend to be the ones to last the longest (Rudsenske & Denk 2005, 5). From a record labels perspective, approaching international markets starts from such small steps. Schwartz (2003, 179) encourages to enquire record distribution companies for market advice, to study music magazines, album reviews and charts from other countries. This will help the record label to get an insight on trends and generally what kind of music sells best in other countries’ music market, and furthermore if similar kinds of artists that the internationalizing label is supporting are popular in those countries.

Especially in today’s economic situation, independent record labels owners strive to differentiate their businesses from major record labels’. While having lower budgets and fewer connections, yet similar marketing strategies, they find ways to keep their businesses viable. One American record label, Dualtone, has done this by applying previously obtain entrepreneurial knowledge of music industry, maintaining cost-efficiency by cutting recording costs and instead using their music technological knowledge, and relying heavily on online distribution. Their own well-conceived business plan has given them decent success since being founded in 2001 (Schultz 2003).

Some independent labels strike distribution deals with the major conglomerates, whereas others find their way to consumers through small independent distributors – all looking to sell records, either physically or virtually to smaller and smaller niche markets. This means that independent labels can have in its roster a potentially big artists bringing big sales along with even bigger opportunities once the artists become popular in their particular genre (Hutchinson, Macy & Allen 2010, 100). These kinds of deals seem to have become more frequent in recent years. American-English record label Caroline International Records, also a branch of Universal Music Group, made an partnership deal with Glassnote Records in 2014 regarding distribution, sales and other services around the world. The deal gave advantages to both parties, as Caroline International expanded its exposure and market footprint while Glassnote Records were able to access and empower their distribution and sales volume by becoming a part of a global conglomerate, Universal (Ingham 2014, 2). Similarly in 2013 a British independent label One Little Indian signed an international partnership with Believe Digital, the leading digital distributor and service provider for independent labels in Europe. The deal covered a worldwide digital distribution of One Little Indian’s audio and video content (excluding North America) via Apple’s media service iTunes, YouTube, Amazon and Spotify (Music Week 2013, 4). Similar deal was made between Matador Records and British label Beggars Group, only in this case Beggars obtained a 50 % share of the partner in question (Matador Records).

Licensing is also a common way of getting a music product out to foreign markets by giving a foreign label the right to manufacture the record on its own label instead of simply buying the record from the domestic label. According to Schwartz (2003, 185) “when independent labels license their records to foreign companies, they often give those companies the right to manufacture and sell records in all parts of the world where the independent labels have limited or no distribution anyway”. Record labels may practice licensing also with service providers from different industries. For example in 2011, some of the leading independent record labels in Britain struck a global licensing deal with Google-owned video-sharing website YouTube, which allowed thousands of artists’ videos to be accessed on YouTube. The deal also allowed record labels to gain revenues from the website’s services. Such services included YouTube’s own merchandise service, which allowed record labels to sell artists’ merchandise, digital

downloads and concert tickets directly to the fans using YouTube. Since that YouTube has established itself as the most popular digital music player worldwide, providing profit opportunities to a number of music entrepreneurs and artists from online video and audio content (Ingham 2011, 3). Similar licensing oriented deals have also been made by large corporate record labels, when in 2008 Warner Music Group, Sony BMG and Universal Music Group teamed up with social networking with MySpace (Holahan 2008, 32).

Occasionally independent record labels have also applied their ingenuity in expanding their territory and exposure, for example by teaming up with companies from different industries. During the 2000 Sydney Summer Olympics the Association of Independent Record labels (AIR) in Australia made a deal with Qantas Airways airliner company to screen a music show called “AIRplay” as a part of its in-flight video entertainment. The show featured videos of all-Australian artists’ music videos on Qantas’ domestic and international flights. Qantas estimated a 40 % rise in passenger traffic during the Olympics, which meant that the videos were most probably seen by over 3 million Qantas passengers (Eliezer 2000, 47).

2.5 Theoretical framework

According to my research there were some important factors that will influence independent record labels' motives and methods of foreign expansion, alongside some phenomena that the music industry presents to their businesses in a general point of view (Figure 2).

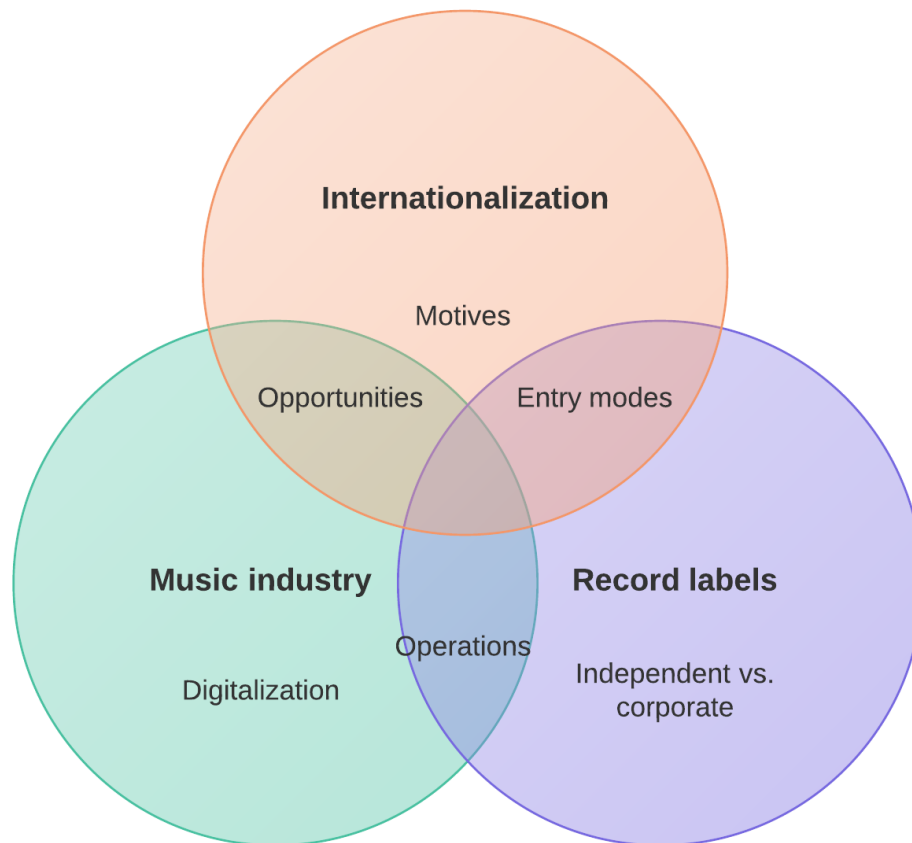


Figure 2. The theoretical framework for this thesis about key success factors in the internationalization of independent record labels.

The dominant theory in my research is the internationalization process. In addition to introducing and overviewing this theory, the section provides an overview of how and why companies internationalize. The attraction of foreign market potential and interest for more profits from growing foreign markets appear to be the most common reasons for international expansion, but also in the case of SMEs, which independent record

labels exclusively are, the credibility gained from a wider market presence seems to be important.

The second theory subject in my research is the concept of music industry. Music as a product is an “experience” good, meaning that music has to be heard by a consumer before it can be evaluated. Each piece of music being unique makes it an opposite of a normal commodity product. Music industry has been profoundly influenced by digital technologies. They have created a new landscape of music production where artists’ are no longer tied to consulting record labels and can distribute their music all by themselves, constituting a major threat to record labels. Furthermore with the Internet becoming common, peer-to-peer file sharing has made copying and sharing of music for private use free of cost. The challenge for the music industry is to adapt to this scenario and innovate their businesses with effective market knowledge.

The final part of the research framework is the concept of record labels. A record label’s purpose is to create and sell records, making it essentially similar to any other company in any other industry. Furthermore record labels aim to create value for their various products, thus getting consumers attention on a consistent basis to create a loyal customer base. Independent record labels stand out from corporate labels with their sincere artistic integrity. Their entrepreneurial motivation does not derive from commerciality or shareholders but from the expression of self through an entrepreneur’s own association. In this chapter I have also discussed some of the paths that some independent record labels have taken in their international expansion. Some of the entry modes used most frequently were joint ventures, mergers or acquisitions and licensing deals regarding distribution or rights to use companies’ products elsewhere.

3 Empirical research

This chapter discusses the methodology of the empirical research, along with presenting the main findings of the research.

3.1 Research methodology

The chosen method for this research was qualitative, as the data could not be collected properly in quantitative manner due to the small number of Finnish record labels that have expanded their own businesses abroad, and further who were available for interviews and such. And since in qualitative research the aim is to seek insight rather than statistical analysis, conducting the research in this manner appeared to be more suitable for my research purposes (Bell 1993, 5-6). Therefore my main research problem was best solved with interviews rather than questionnaires because of the small number of prospective interviewees, and also because my main objective was to collect exploratory data.

3.2 Data collection

In total, there were five different companies I interviewed for the empirical section. The interviewees were chosen based solely on the fact that they were independent record labels. My intention was to interview different sized and aged companies to get as diverse perspective as possible of the views, experiences and advices from people who own or have experience of working in a record label or music exporting business. There were three Finnish-based companies interviewed as well as two other foreign companies from the United States of America and Sweden. All of the personnel I interviewed were owners or CEOs of their companies.

The Finnish-based interview candidates were contacted by telephone and two out of three interviews were conducted face-to-face, and one via telephone. All of these interviews were recorded with a mobile phone sound recording application, and took notes on the side in case the quality turned out to be poor. All interviewees were notified of the interview being recorded and every one of them agreed to it. After the interviews,

the recordings were transcribed into written format. The foreign candidates were contacted through social media and e-mail with a written letter of enquiry in English (Appendix 1). The interviewees were also asked every time if they preferred to stay anonymous, but none felt the need for concealing their name or the company name, for that matter. All of the face-to-face and telephone interviews were conducted in Finnish, except for one occasion (Appendix 3) where it was conducted in English due the interviewee's mother tongue.

There are 21 questions I asked from all interviewees. The questions were divided into three sections that include basic company information, internationalization of the company and finally, challenges and the future of the company (Appendix 2). The interviews conducted in Finnish (Appendix 5 & 6) were translated into English afterwards. It is notable, that translating the quotations from Finnish to English can slightly affect the tone of the spoken words and therefore cause biases. In the transcripts I have included the entire interview from word-to-word to acquire as detailed material as possible.

3.3 Analysis of the data

The results were analysed thematically. First I read the entire interviews carefully, systematically taking notes to create themes from the data results by coding the re-occurring phenomena. After codification, the phenomena were arranged into different themes. The themes that were used to analyse the interview data were:

- Company characteristics,
- Foreign expansion,
- Marketing solutions,
- Co-operative arrangements,
- Product qualities,
- Independent record label challenges,
- Significance of the Internet,
- Industry evolution

Company characteristics theme is revolving around the basic information about the interviewed companies, looking to investigate if the companies are fulfilling the common characteristics of an independent record label. Foreign expansion and marketing solutions themes investigate how the companies have carried out their business activities and expansion abroad. Product qualities theme seeks to discover underlying characteristics that are seen important in the companies' exported products, in this case the products are the artists' and their music. Independent record label challenges theme is simply addressing threats that the interviewee companies are facing currently. Significance of the Internet theme revolves around how the interviewed companies feel the digitalization of music industry has affected their businesses. Finally, the industry characteristics theme investigates which factors are seen crucial by the interviewed companies, to specify those elements that are affecting the companies' businesses in the present and in the future.

3.3.1 Company characteristics

This chapter discusses the general characteristics of an independent record label, involving how they are led, what size they are, which areas they operate in, the number of their artists and the genres they represent. All the companies interviewed were fairly similar compared to one another, except for the number of artists in their roster.

Table 4. The main facts about the interviewed companies.

The main facts about the interviewed companies.

Company name	Founded	Company management	Employees	Operating areas	Artists	Genres
Macaroni Penguin Music	2013	Sole owner	None	Record releasing, band management, booking	5-6	Varying
Ripple Music (USA)	2009	50/50 ownership	2	Record releasing, manufacturing, distribution	15	Heavy rock
Svart Records	2009	50/50 ownership	1	Record releasing and selling, distribution	20	Varying
Stupido Productions	2007 in current format, originally 1989	Sole owner	2	Record releasing, booking, band management, graphic design	60+	Varying
Ozium Records (SWE)	2010	Sole owner	None	Record releasing and selling	5	Heavy rock

All of the five companies interviewed are managed by either one or two owners, employing only a few people in addition. With every company, their operating areas include releasing records, meaning that they are selling similar products (Table 4). In some cases, the companies sold their own products through their own webstore (Appendix 3 & 5). Additionally, some companies maintain their own booking, record manufacturing, band management, graphic design and distribution departments. Also one interviewee mentioned of additional network of service providers that were not directly integrated into the organization structure (Appendix 4). All the interviewed companies have different number of artists in their rosters, five being the smallest number and sixty being the highest. Companies with a sole owner management had the smallest number of artists, with the exception of one company which is also led by a sole owner and yet having the most artists from all the interviewees. The genres represented by the

interviewees' artists vary with the majority of companies, and the minority supports only a chosen genre, heavy rock in this case.

These findings indicate that the interviewed companies are small-sized, operating only in a few areas. In this sense, they fulfil the criteria of a typical independent record label, judged by their company structure and size, being owned by one or two owners rather than a director board, and operating in chosen areas while supporting a limited amount of artists.

3.3.2 Foreign expansion

All of the interviewed companies operate outside of countries they are based in. The most common geographical area to be exploited was Europe, specifically German and UK markets were mentioned in couple of occasions.

Table 5. The main facts about interviewee companies' operations abroad.

The main facts about interviewee companies' operations abroad

Company name	Operating abroad	Operating areas	Countries mentioned
Macaroni Penguin Music	Yes	Europe	United Kingdom, Germany
Ripple Music (USA)	Yes	North America, Europe	-
Svart Records	Yes	Europe, Asia, Australia	United Kingdom, Germany, Japan, Australia
Stupido Productions	Yes	Europe, North America, Asia	Germany, Sweden, Estonia, Russia, Japan
Ozium Records (SWE)	Yes	Europe, South America, Australia	Argentina, Australia

Some interviewees had integrated internationalization into their business model from their very beginning. In those occasions, the reason for such born-global mentality was the domestic market size and, on the other hand, foreign market opportunities recognized in the early stages of the company.

“It’s been essential in our entire business idea, manufacturing vinyl record is expensive and we need to distribute the final products as quickly as possible, and Finland is too small for that. One has to aim abroad straightaway and that’s why we avoid such releases that are only distributed within Finnish borders.”

“And so with Finland being such a great market for English language bands, the plan from the outset was to go international.”

Generally those companies with a smaller number of artists in their rosters mentioned personal contacts and the Internet as a way of raising their profile abroad.

“The plan was always to make the company feasible in the UK, because that’s my home market so obviously I already have a lot of contacts there.”

“Through contacts and the Internet.”

Alongside personal contacts, importing foreign artists and exporting roster artists by booking gigs, and licensing were mentioned as a method of taking the companies’ products abroad.

“By getting artists from abroad it’s given us better access to their markets for the existing bands here in Finland.”

“We have exported live acts, and sold records and licenses to Russia. Then of course we have been to Estonia with the bands quite a lot, and imported Estonian music to Finland.”

“Our bands tour regularly abroad.”

The Internet and digital distribution were crucial factors with one of the interviewed companies as they rely heavily on streaming channels in their foreign operations, because it has given better accessibility to their products.

“Now the streaming means that anyone can listen to our products from anytime and anywhere, where Spotify is online. And through our digital distributor we access also iTunes, Deezer and others, but if you look the coverage of where the money is coming from, it’s really from Spotify. The coverage is something like 80 per cent.”

One company also mentioned the factor of cost cutting, which the Internet as a tool of internationalization had enabled. The specific explanation for the question about crucial factors was simply:

“Taking almost no cut at all of my business.”

The importance of creating a network of distribution and dealer partners were also highlighted on a couple of occasions.

“We have dealer contacts all over Japan and Australia to whom we sell our records directly. We do also have normal distributors but the distributor step has never been a necessary part.”

“Manufacturing vinyl records is expensive and we need to distribute the final products as quickly as possible.”

One of the companies cited distribution as the single most significant factor in their internationalization. When asked about the important factors, their answers simply was:

“Obtaining distribution.”

3.3.3 Marketing solutions

The interviewees were asked about the means they are marketing their artists abroad, and if they differentiate their domestic and international marketing in any way (Table 6). The foreign interviewees did not specify why they do or do not differentiate their marketing, although the other foreign company mentioned of having different PR companies for domestic and international markets (Appendix 4). The majority of the

companies utilized the Internet as a marketing channel, especially social media sites such as Facebook and Twitter. Some companies utilized more traditional methods such as magazine advertisement and radio play. Those companies with a broad network of distribution utilized press agents (Appendix 4 & 5), and one company mentioned showcase festivals and music fairs as a way of marketing their artists.

Table 6. Marketing solutions of the interviewed companies.

Marketing solutions of the interviewed companies

Company name	Marketing channels mentioned	Differentiates international marketing	Reason
Macaroni Penguin Music	Internet, Social media, Radio	Yes	Foreign market opportunities, economies of scale
Ripple Music (USA)	Press agencies, Radio	Yes	-
Svart Records	Press agencies, Publicists, Internet, Social media, advertisements	No	Similar trends
Stupido Productions	Internet, Music fairs, Showcase festivals	Yes	Scale difference between domestic and international markets
Ozium Records (SWE)	Internet	No	-

Three out five of the interviewed companies differentiate their domestic and international marketing. Two out three companies who do differentiate were Finnish-based, and cited the scale difference of domestic and foreign markets as their main motive.

“In Finland it’s a very metal-based country, so it’s very difficult for a band like my band, who play sort of essentially indie rock, to get a big following in Finland because my band are a bit all over the place, so it helps if we go abroad where there’s gonna be more people. And obviously the more people there are, the more people accept the smaller genres.”

One of them also mentioned about the challenges that exporting a product to the foreign market presents.

“Well of course Finland is a lot easier, smaller and more limited market area. When exporting the thing is, how to market comprehensively to abroad. It’s not the easiest thing in the world.”

One Finnish-based interviewee mentioned radio stations abroad and the type of music they prefer to air as a concrete example of the scale difference:

“I think, let’s take the UK for example, there’s a lot of smaller radio stations who are willing to take a risk on unsigned bands, and even some of the bigger stations, like 6music in the UK, are willing to take chances on playing things that people haven’t heard, where as in Finland eighties rock dominates the radio, so my band would never get a chance to be played on the radio here.”

Despite acknowledging the scale difference between domestic and international markets, one interviewee company – also Finnish-based – did not differentiate their marketing, citing similarities in current music trends between market areas as the main reason.

“Not really since the market development trend is the same. In some countries it has happened faster and somewhere slower. In Finland, in a special line of business like this it’s quite slow. With some small scale products here one does not have to do much more marketing than go and post to a forum about this certain release, or post something on the company’s Facebook page or send a newsletter.”

3.3.4 Co-operative arrangements

Almost all of the interviewed companies had some kind of co-operative activities with other similar companies. One of the five companies did not have any co-operative arrangements according to them, and other company did not directly specify which kind of co-operation they were doing. With those companies who did co-operate, these ac-

tivities included gig booking, licensing and trading or selling of records (Table 7). Trading or selling records were seen as a good way to improve the company’s product offering.

“Other times we co-operate by trading records with labels which quite common way to mobilize the assortment and gain a better selection to the webstore.”

Table 7. Co-operative arrangements of the interviewed companies

Co-operative arrangements of the interviewed companies

Company name	Type of co-operation mentioned
Macaroni Penguin Music	Gig booking, licensing
Ripple Music (USA)	No co-operative arrangements
Svart Records	Licensing, selling records, distribution
Stupido Productions	Selling records, gig booking, licensing, distribution
Ozium Records (SWE)	Selling records

In addition, some companies had distribution deals with companies that specialized only in distribution, rather than similar record labels.

“Our main distributor is originally a Swedish company, called Playground. We have had multiyear partners in Germany, and Playgrounds tentacles reach Baltic and other Nordic countries. So of course we do that. The proportion is a little bit different than with the Finnish operators.”

It was also mentioned, that the co-operation depends on the product at hand:

“It depends on the record, some records don’t attract any American labels but in some cases there have been bidding competitions about our records.”

When asked about the importance of co-operation, one Finnish-based company replied it being vital because of domestic market size. This can be contributed to the fact that the company in question is quite young and is in the early stages of networking (Appendix 3).

“Essential for what I need to do, because the market in Finland is too small for the kind of music I’m interested in and the main priority for the label is always to have bands I like.”

According to those interviewees who had been in the business for longer time, saw co-operation decreasingly important because they had developed broader distribution networks in time.

“It’s not a vital condition anymore. In the early days it used to be more important because we had a lot less titles and it was important to mobilize them quickly, and those days we sold quite a lot of the records directly and many wanted to trade rather than buy with cash.”

“Nowadays that the international distribution network is better, so that we have records in every German market and all over England and elsewhere, so it’s not that important anymore.”

“I would say that it is a couple of per cent of our total turnover to be honest. Probably less than ten.”

3.3.5 Product qualities

The following qualities, that the interviewed companies look for in potential products or artists, were mentioned in the interview answers:

- International market potential,
- Domestic market potential and success,
- Artist language,
- Music quality,
- Music characteristics

Almost every interviewee saw the potential success in international markets as a significant factor in their artist choices. European markets were mentioned as pivotal markets on a couple of occasions.

“The UK market has always had a very strong independent scene, so for me it’s really important to know what’s going on in the bottom half of the Top 40 charts in the UK, which is where all the kind of bands I like tend to be. All the guitar bands and things, not pop, but the proper rock bands. So that to me is probably the thing I’ve monitored the most and probably influences my choices more than anything.”

“The international sales do have some effect. We are constantly offered with Finnish bands and they are pretty heavy-handedly selected, when considering the possible interest towards them abroad.”

One of the Finnish companies differed from the rest of the interviewees with their mentality towards foreign markets in artist choices. They preferred that the product had proven to be successful in their domestic market before it was to be exported.

“Primarily we think that the artist achieves success in home country but of course it is a plus if it is sensible to try export it abroad. For many artists the foreign countries gives them breathing room, something that helps them keeping going even if nothing significant would happen there.”

“Of course if for a long time there hasn’t been an artist to export abroad one would think to choose someone singing in English so then it’s pretty much a matter of language.”

The foreign interviewees also mentioned the artists’ existing international fan base, their ability to go touring abroad and devote to a life as an artist, as the underlining qualities they look for in potential bands. Concurrently the companies are motivated by their artists’ contributions.

“Our style of music is much more popular in Europe than America, so we look for artists who have a strong international fan base and are able to tour.”

“I book gigs for the bands and it’s a must they work hard as well.”

“We take releasing an artist’s music very seriously. They’re entrusting us with a large part of their life. We respect that and do our best to create a great package for their fans and get it to them at the lowest price possible.”

Two out of three Finnish-based interviewees found artist language to be generally significant when exporting their music products abroad. The foreign interviewees did not comment on the significance of language. Artists singing in other languages than English were not completely ruled out, though. Some interviewees recognized that in some styles of music singing in other languages did not necessarily affect their reception in foreign markets. The quality and characteristics of the music were singled out as supporting characteristics.

“I think it kind of depends on the music they’re playing, because to a certain degree you could even take a band who are singing in Finnish over there as long as they’ve got the right attitude and personality.”

“Of course the language matters. In some certain sub-genres it doesn’t, for example Pää Kii has received some positive reception from abroad even though they sing in Finnish. But in those cases it is something like punk rockers liking the good punk songs no matter what the language is.”

“In the end the language doesn’t matter that much. We have more English language artists but we have for example Finnish prog which has been received well abroad. In the alternative genres it is seen abroad as interesting exoticness so it’s not really a drawback.”

Similarly, the genres that artists represent were not considered as a crucial factor in artist choices. Most of the interviewees emphasized the importance of the music quality and uniqueness over filling out their artist rosters in respect of a certain genre.

“We don’t work on genres. MPM works on good music and it doesn’t matter what genre it is. We try to find things that are original and slightly different from the mainstream.”

“Our mentality has been that people will find the good music regardless of what is written in the back cover, it doesn’t have to be explained in plain like “this is progressive rock” or “this is metal” or whatever.”

Appreciation for originality and non-mainstream attitude in the interviewees’ artist choices was further backed by one company, citing the lack of resources against multi-national conglomerates.

“We wouldn’t probably sign that kind of artist who does so mainstream stuff and we wouldn’t have resources, since that kind of stuff is produced by all the international record labels, to compete with them.”

3.3.6 Independent record label challenges

The lack of resources was mentioned as the biggest challenge by many other interviewed companies as well.

“Lack of capital. The label started with no financial backing at all and that hasn’t changed. I’m probably slightly down overall financially out of my own pocket but yeah, it’s difficult to make things happen without money. Money makes the world go round.”

“Always the same. Getting the attention of the public and industry. Magazines only cater to the larger labels who can purchase ad space. Retailers cater to larger labels who can purchase end cap space.”

Even though some of the companies had stayed in the business for years, they still maintained that getting quick profits is very challenging in their field. The reason for this seems to be the current nature of the industry, which became clear in a couple of answers.

“If someone wants to start a music company, or if somebody is coming to the business in the hopes of quick profits per se, you might want to figure out something else.”

“Do not think you’re going to earn a lot of money and work with the band members, I am still back of money of what I have placed on my releases.”

“The decreased sales volumes have probably driven people away from the markets. Even ten years ago it was possible to sell anything for 500 copies, or people thought that the record would anyway sell at least that much. There are so many things that effect the sales, such as what is popular and so on.”

One company mentioned the development of digitalization in the music industry as a challenge, because their company is producing vinyl records and striving to keep it profitable alongside digital and other types of records.

“Probably the biggest challenge for us is to keep up with the digitalization of music meanwhile keeping the other extremity of quality vinyl sales alive, as there are still quite a lot of those people who want to buy them.”

Similarly another company saw the digitalization as a challenging factor in operating the industry. Even though it had brought down the threshold of carrying out some operations, this facilitation was mutual to every other company in the field.

“The digital side of things is now much easier. And as I said before, the problem with that is breaking through all these thousands and thousands of indie labels that are doing exactly the same as Macaroni Penguin.”

With the companies possessing limited resources, creativity was seen as one of the most crucial qualities in their marketing. As a way of limiting costs, some companies maintained a do-it-yourself attitude, meaning that the company owners carry out the labour tasks such as packing and graphical design themselves. One company also cited sponsors as a way of limiting costs.

“Creativity is essential. We use established international distribution companies, as well as our own webstore. We pack and ship all orders ourselves.”

“We maintain DIY mentality, we try to do everything ourselves. We have some contacts within our friends who do things that we can’t do, for example record cover layouts but mostly we do as much as possible ourselves. “

“It takes a little more ingenuity.”

One Finnish-based company mentioned sponsors and government grants, which are available in their domestic market, as a potential way of financing some of their exporting activities abroad, such as tours.

“There’s one guy involved in the company who is going to be searching out sponsors for the tours. So ideally we will have one, two, three sponsors for a band’s tour that will put enough in financially that things will be paid for before we go.”

“There’s a Finnish grant available for businesses of up to 3000 euros that can be used for marketing and branding and things abroad. So that’ll be a good starting point for some of the tours. You just have to prove that money has been spent on foreign marketing.”

Some companies saw product quality, the reasonable level of costs and the proportion of business activities in comparison to the company size as important ways of keeping their companies profitable in the long run.

“If we can find interesting artists and keep the costs sensible, I believe we can go on for many more years on a solid financial basis.”

“I want to keep it small and do not want to have many roosters at my label, I prefer to work with the bands for many years and have more releases with same bands.”

Furthermore, one company maintained that if the business model itself was profitable and the costs were minimized, it was possible to release products at a higher frequency than companies that were bigger than them.

“It’s not rocket science, once the concept is working it’s easy to release stuff more frequently and buy rights to re-releases.”

“I get often asked as the bigger labels are complaining that records are not selling, how are we able to release so many records. It’s based on the fact that the investments on a record are minimal and there are no organizational costs other than the salary of two people and the rent of a warehouse.”

3.3.7 Significance of the Internet

In terms of positive and negative consequences, there were a lot of dispersion in the answers regarding the effects that the Internet had presented to them. Some companies examined the effects from the viewpoint of reaching customers, others looking things from sales’ point of view.

“There’s pluses and minuses. Facebook have started to treat businesses very badly in them helping to reach their customers, but YouTube and Twitter and Spotify and everything mean that people can access any kind of music any time. The downside of that is that anyone can do it.”

“It’s placed a huge damper on the music industry. Too many people are content to steal and download it illegally, but that is very harmful to the artists, labels, and industry as a whole. Plus the download has all but killed the CD, which is unfortunate since it was a viable medium.”

Still to most of the interviewee companies, the Internet had turned out to be a key factor in the development of their businesses, as it has brought the overall costs down and made establishing contacts and networks abroad easier and more effortless. Similarly the digitalization had made reaching customers easier to companies more than ever before.

“I think it’s been more positive. I belong to that part of the business who thinks that Internet should fragment the business, because I believe that this kind of

business that can function fluently with such small resources couldn't exist without Internet. As the free information can spread easily all over the Internet we can keep our store open around the clock, not to mention how easy it is to handle international contacts via Internet.”

“Streaming altogether is not limited to national borders so anyone who can access Spotify, well in the United States it doesn't work, but anyone else accessing it can listen to our products from wherever. This didn't exist before of course.”

“I think digital has massive potential and to have most of our key releases released digital only will also save us a lot of money as we don't have that initial budget.“

Illegal downloading and piracy that had been the scourge of the companies in the past were not seen as a threat anymore, since streaming has become a channel for generating profits.

“Piracy, which was an issue five years ago is not such a big deal anymore thanks to streaming, because nobody has the need to steal anymore. So also piracy as a problem is falling into an activity of some hard-core warez hackers, there are some people who download illegally until the end of time but the significance is not that big anymore.”

One of the interviewees mentioned of larger companies starting to succumb to the trend of downloading free and streaming by uploading their products to different streaming services. From their company's point of view, the improved accessibility and reaching customers were seen as a potential reason for this phenomenon.

“I have noticed the kind of development, even internationally, that the big record labels are beginning to give in and not to fight against free playing of music on the web. There are even some record labels who put entire records on YouTube for people to listen to them for free.”

“We have never tried to limit the availability of records because I think it’s more relevant to be able to listen to the whole record as easily as possible and those who want to buy it, buy it.”

Incidentally the largest company interviewed for this research felt that streaming services had become the main realm for customers to get in touch with their products.

“Right now it feels like the turmoil is starting to settle and streaming is taking its place and the physical side is slowly descending into novelty items.”

3.3.8 Industry evolution

When asked about how companies see their industry developing, and how it has changed in the recent years. One interviewee stated that the means of generating profits in the industry have changed completely.

“Well the last decade has been quite a turmoil when you consider that our entire revenue structure has gone upside down. The music and bands are always the common devisor but the tools for making profit and staying alive have changed completely.”

Some interviewees still remained faithful, to some extent, with the physical record sales’ longevity. Once again, the quality of the product at hand was the key element when discussing about physical records. In addition, one company took a stance on the large conglomerate companies in the industry predicting them to begin prefer other mediums in their assortment, while independent companies will become more common.

“Vinyl sales have increased, I mean not in the extremes that downloads have increased, but people still want physical copies of things. And people are more likely to buy physical copies at a gig.”

“People increasingly buy more selectively and more quality products and the mediocre products tend to stay in the shelves. People have a pretty good sense on what is good and what isn’t.”

“There’s a growing competition on the good bands who everybody wants on their roster. I think that the gigantic multinational record labels are going to be less interested about the music and will go towards multimedia. Companies like us will probably become more common also in a larger scale.”

Companies had also differing views about the qualities that are needed in a record label entrepreneur to run the company and to cope with the prevailing conditions in the industry. Preparedness for industry development and perseverance alongside setting realistic targets, were mentioned as important characteristics.

“You have to be prepared to make changes as you go, because the industry moves so fast. So be willing to try things. And if you money available, great, throw it at one particular project and see if it comes back in and if it doesn’t, learn from it. I think any small business, not just in the music industry, needs to learn from their mistakes and move forward from there.”

“Do your research. Know what you’re doing before you get started. It’s too easy to make mistakes and you don’t get a second chance to make a first impression.”

“Have a clear goal of what you want to achieve because that’s something we still don’t have.”

In addition to keenness for changes and creating a fluent organization, some companies maintained that in order to achieve profitability, the entrepreneur has to commit his or her life to the company in its early stages. The passion towards music and working with people who create music were seen as potential breathing room for the burden that this commitment might bring forth.

“The thing with this business is that even if having an own record label sounds intriguing, a couple of years of work around the clock is going to be needed to make the business work fluently.”

“If you dig music and you are willing to hang around with these people who are in the end artists, in good and bad, I guess you have to have the guts to leap into it and perseverance since the quick profits are not to be expected.”

When discussing the future of the industry, one interviewee brought up certain incidents between artists and record labels that had to do with distribution rights and artists' royalties. First case features a former Finnish rock band, represented by the son of the band's late guitarist Albert Järvinen, against Universal Music. The other case featured the International Federation of Musicians. As a reproof the industry's ever developing nature, the interviewee then went on to state that if these kinds of trial cases end up being won increasingly by the artists' side, the industry might start evolve yet again into a whole new direction.

“I don't know if you have followed the trial case of Hurriganes, Albert Järvinen's son demands that Universal should not distribute Hurriganes' catalogue in Spotify, because an agreement about it was never made. Around the same time this case was happening, the International Federation of Musicians claimed that musicians should receive 50 per cent from the revenues.“

“These are both interesting cases and if these sort of claims start to get accepted, it means that we are again in a whole new ball game.“

4 Discussion

This chapter contains the final discussion of the thesis. It features conclusions of what are the key success factors in independent record labels' internationalization, based on the empirical results. Additionally, this chapter assesses the reliability and validity of the research, and discusses the author's own learning process along with suggestions for further research.

4.1 Conclusions of the main findings

Minimizing costs seems to be one of the most crucial factors when an independent record label is exporting a product. In fact, operating with limited resources altogether means that cost cutting plays an important role in the company's entire business model. Low costs are a vital condition to an independent record label, since it is relatively challenging for a record label to generate massive profits even in the long run, as it was mentioned by all of the interviewees. Cost efficiency can be achieved by doing practical tasks, such as record packaging, shipping, graphic design and the maintenance of company's web sites and social media environments, by the company personnel themselves, rather than outsourcing the tasks.

As a matter of fact, taking advantage of the Internet altogether is another key factor. The digitalization of music has globalized the business in the last decade and changed the means of creating profits for record labels. Utilizing the numerous streaming services – Spotify, YouTube and Bandcamp to mention but a few – can be efficient tools in improving customer accessibility to the company's products globally and eventually generate more profits from abroad. Social media sites are an advisable way to market the products in terms of promoting the artists' upcoming releases and gigs, along with every other kind of news that might consider the label or their artists. Similarly, social media and the Internet in general have alleviated record label owners' networking efforts. Creating personal contacts and communicating with potential business partners is quicker and easier than ever before.

This leads to the next key factor, which is the co-operation with other record labels. Utilizing networking possibilities can blossom in profitable licensing deals and improve the record labels catalogue of products. Trading or selling records, and joint venture operations that regard artist touring are the most common ways of co-operating with other companies in the industry. Creating partnerships through networking can also speed up distribution abroad. There are numerous distribution companies that have existing networks reaching foreign markets, which the company can exploit to their advantage. These kinds of operations especially for a company that is lacking financial resources. Sponsorship deals and government grants can further ease the financial burden that entering foreign markets may present to the company.

Choosing the right artists for the record label's roster is another key success factor. The company should choose their artists keeping an eye on the foreign market trends and what kind of music sells abroad. However, in respect of the independent record labels proclivity to support quality music, the decision makers should not forget their initial motivation behind establishing an independent record label, which is the passion to help the progression of quality music and artists' self-expression. To improve the probability of the product succeeding in foreign markets, companies should preferably favour signing record deals with those artists who have an existing international fan base, and are ready to commit to touring abroad and life as a musician.

Readiness for the industry metamorphosis is another key success factor, also from the viewpoint of internationalization. Since digitalization of the industry has hastened the flow of information, the changes can occur quickly and company must be able to react to them accordingly. Similarly, creating a realistic business plan when entering foreign markets, and expanding company activities in general, is essential in order to improve the organization structure, revenue streams and information flow.

4.2 Reliability and validity of the research

According to Bell (1993, 64), the research reliability is the extent to which a test or procedure produces similar results under constant conditions on all occasions. The inter-

views were done face-to-face, via telephone and via e-mail. The results of these interviews are similar due to the interview question sheet being the same, although the e-mail answers were not as inclusive as the answers from other interviews. This was probably due to the e-mail interviewees' time limitations. Additionally in the case of e-mail interviews, the interviewer was not able to ask more questions or make sure that all parts were answered. Thus the answers might have been different if the e-mail interviews were done face-to-face or even via telephone. Therefore more information could have been gained from those type of interviews even though the results were mostly similar. So as the interview question sheet remained the same and the questions were not modified or altered at any point, the results can be reliable to the extent that this research was successful.

The research validity demonstrates whether an item measures or describes what is supposed to measure or describe (Bell 1993, 65). The way all of the companies were chosen for this study was correct as they all are in fact independent record labels and all of the interviewees were either sole or part owners of their companies. As the companies don't have many employees within their organizations, the results are valid in the sense that they represent the views, experiences and advices of the interviewed companies. Also the interviews were conducted similarly enough that the results can be valid and the results gained indeed answer the research questions.

4.3 Suggestions for further research

The main research problem in this study was to find out key success factors in independent record labels' internationalization process, which means that the nature of the results and conclusions were relatively generic. Therefore I would recommend conducting a more profound research on one of the success factors specified in this study. Also I did not have a case company to examine in this research, so studying one of the key success factors from some company's point of view would be an interesting research subject. Similarly, conducting a research from a viewpoint of a certain entry mode would be interesting. For example, I found out that licensing was quite a common way of internationalizing within the companies I interviewed, so this kind of point of view could produce additional results to this research.

4.4 Author's own learning process

Before starting to work on this thesis, I was familiar with the theory of internationalization and the recent developments that had happened in the music industry. Similarly I had a vague idea of how a record label operates. However, conducting this study deepened my understanding of why and how companies internationalize, as well as I gained in-depth information about how the music industry practically works from a record label's point of view. Conducting interviews for this thesis was relatively time consuming and challenging, since they were conducted in different languages. Also reaching out to record labels for interview inquiries turned out to be more challenging than I expected due to their owners' busy schedules. From this and their own comments I learned that managing even a small-scaled record label is incredibly hard work and very often the fruits of the labour are not rewarding enough compared to the amount of efforts. I learned that the most essential quality that a record label owners must possess and cherish is the passion and love towards music. It will keep them going through hard times.

I had never conducted a proper qualitative research before this thesis, so in the beginning the entire process seemed almost frighteningly arduous. The amount of theoretical material and the empirical data gained was tremendous. Also during the writing process, maintaining consistency in the text was challenging. The empirical part did not come together without difficulties, either. I experienced technical difficulties with my mobile phone after recording one interview, resulting in the memory wipe of the phone's hard drive and losing that particular interview. From this error I have learned to back up every important file that I utilized for this thesis, regardless of the device. And luckily, I was able to obtain more people for interviews after this so the experience and work done for the lost interview was not completely in vain, as it was a proof for myself that my interview questions were indeed useful to my research. So all in all, this study finally put together everything I have learned in my specification of international marketing and combined it with my life-long subject of passion, music. It was encouraging to see the theory I have learned apply in practice, in a field of business I am truly interested in.

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Appendix 1

The letter sent to the interview candidates

Hello!

My name is Mikko Matikka, I am a 23-year old business student from Helsinki, Finland. I am interviewing independent record label personnel for my bachelor's thesis, which is a qualitative research concentrating on the internationalization of independent record labels, and so I would like to inquire if it could be possible to interview ... for my thesis. I have lined up 21 questions that aim to learn about views, experiences and advices of people who own or have experience of working in independent record labels and music exporting, and thus help me to solve my main research problem "what are the key success factors in the internationalization of an independent record label". As for the length of the interview, so far with previous interviewees, the interview has taken about 20-25 minutes of their time.

If you feel that you could possibly answer my questions, I can send them to you via e-mail or even conduct a phone interview if you please. You can also contact me whichever way you feel best, I have listed my contact information below.

But for now, thank you very, very much already for reading my message and in the meantime I wish you all the best!

Sincerely,

Mikko Matikka

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Appendix 2

The interview questions for the thesis by Mikko Matikka 25.4.2014

Basic information about the company:

1. Could you please state your name, your company name and your position in the company?
2. When was your company established?
3. How many employees does your company have?
4. How is the company management? Is it led by an owner or a board of directors?
5. In which areas does your company operate?
6. How many artists your record label has in its roster at the moment?
7. Which genres does your artists represent?

Internationalization of the company:

8. Does your company operate abroad? If so, in which countries?
9. In which ways have you expanded your business abroad?
10. Which factors have been the most important for your label in expanding the business to foreign markets?
11. Which means of marketing do you apply in promoting your artists?
12. Is there differences between your domestic and international marketing? If so, why do you differentiate?
13. Do you co-operate with other foreign record labels and distributors? If so, how important is the co-operation to your company?
14. What kind of effect do the foreign markets have in your artist choices and eventually in signing record deals?
15. What kind of factors or qualities in an artist, for example language or genre, matter to you when exporting their music?

Challenges and the future of the company:

16. As a relatively small independent record label, what are your biggest challenges at the moment?
17. How do you handle distribution, promoting and other record label operations when other labels have more resources than you?
18. What kind of effect has the generalization of the Internet had to your business? Which threats and possibilities has it presented?
19. Generally speaking, how has the record label industry changed in the recent years in your view, and do you see it developing to some direction? For example, are some operations becoming more important than others?

20. What are the future plans for your company? Do you plan to expand your business?
21. What kind of advices would you give to those who are thinking of starting their own record label?

Appendix 3

A face-to-face interview with the CEO of Macaroni Penguin Music, 25.04.2014, Helsinki, Finland.

This interview was conducted in Helsinki, Finland, on Friday 25.04.2014. The interviewer was Mikko Matikka and the interviewee was Mr. Daniel Beech. The interview was conducted in English.

- 1. Could you please state your name, your company name and your position in the company?**

My name is Daniel Beech, I'm the CEO of Macaroni Penguin Music.

- 2. When was your company established?**

Last year. I think it was August.

- 3. How many employees does your company have?**

Officially it's sole proprietor so none. But there are eight of us working for Macaroni Penguin.

- 4. How is the company management? Is it led by an owner or a board of directors?**

Everybody has a job to do in the company. Some people do sound and lighting. We have people booking and organizing gigs, there's band management, so everybody has an assigned role, but everything tends to run through me.

- 5. In which areas does your company operate?**

Answered on question 4.

- 6. How many artists your record label has in its roster at the moment?**

I would say five or six, but there's a massive amount more coming in the next couple of months.

- 7. Which genres does your artists represent?**

We don't work on genres. MPM works on good music and it doesn't matter what genre it is. We try to find things that are original and slightly different from the mainstream.

Internationalization of the company:

8. Does your company operate abroad? If so, in which countries?

As it stands right now, we're about to sign a Swedish band and we're in talks to sign a Scottish artist as well. We're in talks with a Belgian band, and we've got an Italian band coming to Finland for a couple of gigs in October, as well as planned gigs for quite a few of the bands abroad towards the end of the year.

9. In which ways have you expanded your business abroad?

Well, by getting artists from abroad it's given us better access to their markets for the existing bands here in Finland. But also the plan was always to make the company feasible in the UK, because that's my home market so obviously I already have a lot of contacts there. And so with Finland being such a great market for English language bands, the plan from the outset was to go international.

10. Which factors have been the most important for your label in expanding the business to foreign markets?

I think the kind of music I'm into and the kind of music that the label seems to be gathering among its artists is much more acceptable in larger markets, for example in England and Germany. In Finland it's a very metal-based country, so it's very difficult for a band like my band, who play sort of essentially indie rock, to get a big following in Finland because my band are a bit all over the place, so it helps if we go abroad where there's gonna be more people. And obviously the more people there are, the more people accept the smaller genres.

11. Which means of marketing do you apply when exporting your artists' music?

I haven't got that far yet, because none of the bands have gone abroad yet. The label's Facebook page has quite a large following from the UK based on my friends over there and their friends then seeing the label and things like that, and the Twitter followers are from all over Europe and quite a few Americans as well. So social media seems to be, so far, what's been raising the interest abroad, but as I said we haven't made any major marketing campaigns abroad yet.

12. Is there differences between your domestic and international marketing? If so, how and why are they differentiated?

Yeah, because I think, let's take the UK for example, there's a lot of smaller radio stations who are willing to take a risk on unsigned bands, and even some of the bigger stations, like 6music in the UK, are willing to take chances on playing things that people haven't heard, where as in Finland eighties rock dominates the radio, so my band would never get a chance to be played on the radio here.

13. Do you co-operate with other foreign record labels and distributors?

I got a few contacts abroad. There's actually, when I was about twenty so about fourteen years ago, I worked in a record shop with a guy called Dom and he started a label in the UK about a year before I started MPM. So we've been sort of discussing bringing some artists over because alongside being a label we also organize and manage tours and gigs, so I've been talking to him about bringing over Gregory Pepper from Canada, who's quite a well-known artist. And also, there's a label also here in Finland called Symbolic who Crib45 have signed to and we're gonna do some partnerships on some upcoming releases as well.

And how important is the co-operation to your company?

Essential for what I need to do, because the market in Finland is too small for the kind of music I'm interested in and the main priority for the label is always to have bands I like. I'm not gonna sign a band that I think are crap. Or that I just can't listen to.

14. What kind of effect do the foreign markets have in your artist choices and eventually in signing record deals?

I've always kept a strong eye, ear, whatever you wanna say, on the UK market because to me that's kind of the pivotal market in Europe. For me. Germany, alright, that's a huge market too but I've never known much about the German market. They'll kind of listen to anything. But the UK market has always had a very strong independent scene, so for me it's really important to know what's going on in the bottom half of the Top 40 charts in the UK, which is where all the kind of bands I like tend to be. All the guitar bands and things, not pop, but the proper rock bands. So that to me is probably the thing I've monitored the most and probably influences my choices more than anything.

15. What kind of factors or qualities in an artist, for example language or genre, matter to you when exporting their music?

I think language is important. I think it kind of comes and goes as to how important the language is, because if you look at the UK charts in the seventies and early eighties there were a lot of foreign bands whose English wasn't so good. Nowadays most of the foreign bands speak pretty good English. However, there's also bands like Gogol Bordello and their English is impossible to understand even for an Englishman. So I think it kind of depends on the music they're playing, because to a certain degree you could even take a band who are singing in Finnish over there as long as they've got the right attitude and personality. I think that showed with, umm, what's the name of the Finnish band?

The band that played in Germany and tended to mock the Germans quite a lot during their set. The same band that played on the top of the Stockmann's clock. Whoever that band is, they proved that a Finnish band can go to Japan and Germany and wherever as long as they got the right attitude. And so, I mean, it very much depends on what kind of music they're playing for me. However, all the artists I have on the label do speak good English, except for the band that are playing in Finnish and I don't intend to take them outside of Finland, so it is and it isn't important, it really depends on the style for me.

And what about the genre?

Well the thing is, if you've got a Finnish dancer, he or she don't need to speak. So it kind of depends. I mean, I've got a Finnish drum & bass guy on the label, but he's never gonna need to speak when he DJs in clubs and things. So his English isn't that good but that doesn't matter. So genre again, yes, is important.

Challenges and the future of the company:

16. As a relatively small independent record label, what are your biggest challenges at the moment?

Lack of capital. The label started with no financial backing at all and that hasn't changed. I'm probably slightly down overall financially out of my own pocket but yeah, it's difficult to make things happen without money. Money makes the world go round. Trying to get an artist to support a bigger artist doesn't happen unless you pay their label. So basically we've got to start from the very bottom and work our way up. But I've got good bands who understand that, so I think that answers one of the previous questions as well about what kind of acts, because the acts have to understand that the label and the artists are growing together whether it be in the Finnish market or the foreign market, everybody's moving forward together and it may be slower than we want but people with realistic goals will help us realize where we wanna be, I think.

17. How do you handle distribution, promoting and other record label operations when other labels have more resources than you?

Okay well I'll answer this from the international perspective because I don't really plan to ever need to spend money in Finland. There's a Finnish grant available for businesses of up to 3000 euros that can be used for marketing and branding and things abroad. So that'll be a good starting point for some of the tours. You just have to prove that money has been spent on foreign marketing. Also there's one guy involved in the company who is going to be searching out sponsors for the tours. So ideally we will have one, two, three sponsors for a band's tour that will put enough in financially that things will be paid for before we go. So when the tour starts or the moment the first customer walks in to the first live venue, money starts being made in profit, and that's kind of how we're gonna deal with that.

18. What kind of threats and possibilities has the generalization of the Internet presented to your company?

There's pluses and minuses. Facebook have started to treat businesses very badly in them helping to reach their customers, but YouTube and Twitter and Spotify and everything mean that people can access any kind of music any time. The downside of that is that anyone can do it. That's when the fact that three or four of us within the business actually specialized in marketing come in so that we can do the online marketing. It's meant that we've got more people to the gigs because people can look online on their night they wanna go out and see a gig listing of everything that's happening.

So I would say there's more advantages than disadvantages but the Internet can go both ways. You've got to learn how to use it and I would say that we're still in the stage where we're properly learning how to use it. And every time we have a gig we get great feedback from people but we also get "why wasn't it listed here?", "why haven't you done this?" and I think, for us, the best thing we've done is listen to people and learnt from every person that's given us feedback, because the second you stop learning is the moment you can't progress anymore.

19. Generally speaking, how has the record label industry changed in the recent years in your view, and do you see it developing to some direction? For example, are some operations becoming more important than others?

Fourteen years ago I was working in a music shop in my home town Colchester, and it was the largest independent chain in the UK. I think there were 47 shops when I joined and three years later it went bankrupt. And that was the way the music industry was going fourteen years ago. And I've watched a lot of music shops close down, there's very few left in the UK now. But there are some independent places that sell vinyl and things opening up again. Vinyl sales have increased, I mean not in the extremes that downloads have increased, but people still want physical copies of things. And people are more likely to buy physical copies at a gig. So the physical side of the label is less important nowadays, I think, because of the market of things have pitched up, people my age have ditched their CD collection and now have everything digitally, except me. And I think digital has massive potential and to have most of our key releases released digital only will also save us a lot of money as we don't have that initial budget.

However, when the bands go on tour abroad we have to take CDs with us so that people can get their hands on physical merchandise, t-shirts, badges, hoodies, whatever. So I think the merchandise side of things has changed in the fact that people will spend the money but they will only spend money on physical goods when they're interacting with the band. The digital side of things is now much easier. And as I said before, the problem with that is breaking through all these thousands and thousands of indie labels that are doing exactly the same as

Macaroni Penguin, which is why we've got so many people who are marketing specific involved in this project so that we can find a slightly different way of doing things to other other labels.

There's two great examples of labels who, they're small labels but they're very, very good at their internet marketing, and one of them is Sargent House, which is actually run by the wife of the former frontman of The Mars Volta. And his new band, Bosnian Rainbows, are on the label. That's a brilliant label and they've, again, they've crossed all the genres. Genre isn't important, it's the quality of the music on the label. And when Russian Circles, one of their bands, came to Finland three years ago I went to see them and it was all merchandise again. As soon as you stepped in the door there were ten different t-shirts, you could buy everything on vinyl, CD, badges, whatever, they had everything there. And their merchandise table was almost empty when I left. So that gives you an idea of the merchandise side of things. Another label is Fake Four. That's the label that Gregory Pepper is signed to, who I mentioned earlier. The founder of Fake Four is actually a rapper in his own right as well, and he started the label because he was struggling to break into the mainstream, which I don't think he ever really did, but certainly some of his other artists have done. And their Internet marketing was very good until a year ago when he got arrested, but that's an interesting back story which you should look into.

But those are the two that I've kind of based what Macaroni Penguin needs to be doing on at this stage. They're the two that are flying higher than any other independent labels I know of, and that's interesting because they're both based in North America. So of all the hatred I have for Americans, it's the one thing they seem to do right and Finland is very difficult country to break in that respect because Twitter really used very much in Finland and Twitter is such an important marketing tool that it's gonna have to change here for the record labels to get outside of Finland, I think.

20. What are the future plans for your company? Do you plan to expand your business?

The plans for the immediate future are to continue our showcase nights in Dubrovnik, which is in Helsinki, which basically means I can see new bands and see how they would fit with other bands that are already on the label and things. We got UK tours coming up for at least two artists on the label. We've got Nordic and Baltic tour coming up one of the other artist. We've got a couple of bands coming over here, the Swedish band I mentioned earlier and an Italian band. We've got a charity single release for this Scottish artist I mentioned.

We're hoping that next summer we can have a festival as well which will really put the label in the spotlight. However there's so many festivals, what we're working on right now is how to differentiate our festival from the others because if there's nothing special about it, it will only last one year, we'll all end up bankrupt and it will be completely pointless. So there's a lot of things happening, and the good thing about this label is that the artists have a huge amount of input so if they have a great idea, we will do our best to make it happen. So

yeah there's a lot going on but not that much I can talk about because nothing's actually finalized yet.

21. What kind of advices would you give to those who are thinking of starting their own record label?

Probably write a business plan before you start which is the one big mistake I never did. I'm working on it now. I think, have a clear goal of what you want to achieve because that's something we still don't have. We know where we want to be but we're still not sure how to get there and we've got a lot of really good bands that we're working with. But I think you have to be prepared to make changes as you go, because the industry moves so fast. So be willing to try things. And if you money available, great, throw it at one particular project and see if it comes back in and if it doesn't, learn from it. I think any small business, not just in the music industry, needs to learn from their mistakes and move forward from there.

Appendix 4

E-mail answers to thesis interview questions by the CEO of Ripple Music, 19.5.2014, Helsinki, Finland.

The interviewee answered the questions via e-mail. The e-mail answers were received 19.5.2014. The person interviewed was the CEO of Ripple Music record label, Todd Severin.

Basic information about the company:

- 1. Could you please state your name, your company name and your position in the company?**

Todd Severin. Ripple Music. President/CEO.

- 2. When was your company established?**

2009.

- 3. How many employees does your company have?**

There are two partners, myself and Pope, the COO. We have a part time bookkeeper, a part time webmaster, and two PR firms on retainer.

- 4. How is the company management? Is it led by an owner or a board of directors?**

All decisions are made in 100 % agreement between me and my partner. We're each 50/50.

- 5. In which areas does your company operate?**

Record label. Manufacture and distribution of recorded music. We also have a publishing arm.

- 6. How many artists your record label has in its roster at the moment?**

15.

- 7. Which genres does your artists represent?**

Heavy rock, in all it's glorious forms.

Internationalization of the company:

8. Does your company operate abroad? If so, in which countries?

We are based in America. We have world-wide distribution and maintain a PR presence in Europe.

9. In which ways have you expanded your business abroad?

Full distribution and PR presence. Our bands tour regularly abroad.

10. Which factors have been the most important for your label in expanding the business to foreign markets?

Obtaining distribution.

11. Which means of marketing do you apply in promoting your artists?

Press agency with press releases, advertisements, radio play.

12. Is there differences between your domestic and international marketing? If so, why do you differentiate?

We have one company for domestic PR and one for International.

13. Do you co-operate with other foreign record labels and distributors? If so, how important is the co-operation to your company?

We do not have any co-operative arrangements.

14. What kind of effect do the foreign markets have in your artist choices and eventually in signing record deals?

Our style of music is much more popular in Europe than America, so we look for artists who have a strong international fan base and are able to tour.

15. What kind of factors or qualities in an artist matter to you when exporting their music?

See previous answers.

Challenges and the future of the company:

16. As a relatively small independent record label, what are your biggest challenges at the moment?

Always the same. Getting the attention of the public and industry. Magazines only cater to the larger labels who can purchase ad space. Retailers cater to larger labels who can purchase end cap space. With so many options available now for entertainment, it's harder to find creative ways to get our bands to stand out and garner attention.

17. How do you handle distribution, promoting and other record label operations when other labels have more resources than you?

Creativity is essential. We use established international distribution companies, as well as our own webstore. We pack and ship all orders ourselves.

18. What kind of effect has the generalization of the Internet had to your business? Which threats and possibilities has it presented?

It's placed a huge damper on the music industry. Too many people are content to steal and download it illegally, but that is very harmful to the artists, labels, and industry as a whole. Plus the download has all but killed the CD, which is unfortunate since it was a viable medium.

19. Generally speaking, how has the record label industry changed in the recent years in your view, and do you see it developing to some direction? For example, are some operations becoming more important than others?

The biggest news in the industry over the last few years has been the resurgence of vinyl. It hasn't replaced the loss of CD sales, but it's generating excitement and getting new people back into listening and buying music. I don't want to see this vinyl frenzy fall into a collectors mentality, where an album comes out in 40 different colors and cover combinations so completists need to buy them all. But it is nice to provide options for fans to buy the vinyl the love in whichever color they think is coolest.

20. What are the future plans for your company? Do you plan to expand your business?

We're always looking for growth. New bands, new markets, new media to explore.

21. What kind of advices would you give to those who are thinking of starting their own record label?

Do your research. Know what you're doing before you get started. It's too easy to make mistakes and you don't get a second chance to make a first impression. We take releasing an artist's music very seriously. They're entrusting us with a large part of their life. We respect that and do our best to create a great package for their fans and get it to them at the lowest price possible.

Appendix 5

A phone call interview with the owner of Svart Records Ky, Finland, 19.5.2014.

This interview was conducted in Finland, on Monday 19.05.2014 via telephone. The phone call was recorded by the interviewer, Mikko Matikka. The interviewee was the owner of Svart Records Ky, Tomi Pulkki. The interview was conducted in Finnish.

Basic information about the company:

- 1. Could you please state your name, your company name and your position in the company?**

My name is Tomi Pulkki, the company name is Svart Records and I'm an owner of the company, there's two of us but we don't have any official job titles.

- 2. When was your company established?**

In 2009 we went to register a limited partnership.

- 3. How many employees does your company have?**

Well we have two owners, then we have one employee working in mailorder department.

- 4. How is the company management? Is it led by an owner or a board of directors?**

It's all 50/50. Our work is divided so that the other handles more of the red tape, accounting and paperwork, whereas I handle more of the company visibility side of things.

- 5. In which areas does your company operate?**

We publish artists' records.

- 6. How many artists your record label has in its roster at the moment?**

So far we have published around 300 titles but the majority of those are new releases. If you have noticed, the main merits are the re-releases of old material in vinyl format, Love Records stuff and old punk and so on. There are about 20 new artists.

- 7. Which genres does your artists represent?**

There's everything from extreme metal to folk and Kauko Röyhkä, prog and so on. We aim to vary as much as possible.

Internationalization of the company:

8. Does your company operate abroad? If so, in which countries?

The majority of operations are abroad, which is necessary us.

9. In which ways have you expanded your business abroad?

Well it started from the very beginning. We do all of our PR material in English and our webstore is not even in Finnish and quite often because of that we receive inquiries from Finns in English because they think that we are from abroad. It's been essential in our entire business idea, manufacturing vinyl records is expensive and we need to distribute the final products as quickly as possible, and Finland is too small for that. One has to aim abroad straightaway and that's why we avoid such releases that are only distributed within Finnish borders. Well, somebody like Röyhkä who is someone who won't sell abroad, but has made a name for himself here over time so much that he will sell here and therefore it's profitable to make it.

10. Which factors have been the most important for your label in expanding the business to foreign markets?

I can't say since it's been the operating model from the beginning so I haven't really thought about it at any point because it's always been there rather than having been something that we should have done at certain point. It's different to us than to a traditional record company, because the traditional model is to acquire distributors who handle creating networks to abroad for example by taking someone like Universal or EMI as their distributor who have some kind of distributing base somewhere in the world, for example Warner has one in Germany from where their records are imported to Finland, so there's some kind of curve in the journey. We on the other hand have from the beginning done as much as possible by ourselves and as directly as possible. We have dealer contacts all over Japan and Australia to whom we sell our records directly. We do also have normal distributors but the distributor step has never been a necessary part.

11. Which means of marketing do you apply in promoting your artists?

It goes so that I have press contacts, or press agents around the world. We have an actual publicist who handles the publicity in America, and there's another one in Germany who handles that area, which is the other pivotal market area. There are also ones in England and in Finland. So that takes care of all the crucial areas. The internationalization has been rather selective since not all the records sell in every country. The factor of what sells and where has been decisive.

Other marketing has been pretty traditional. We have advertisements in magazines, and some internet ads where some internet media is presenting a song, and other similarly popular methods. So that's pretty much how the marketing is done. The share of advertising is decreasing all the time, and even though the products that we sell are old fashioned, vinyl records, still the company profile is modern as we try to take advantage of information networks as Twitter and other tools are in effective use.

12. Is there differences between your domestic and international marketing? If so, why do you differentiate?

Not really since the market development trend is the same. In some countries it has happened faster and somewhere slower. In Finland, in a special line of business like this it's quite slow. With some small scale products here one does not have to do much more marketing than go and post to a forum about this certain release, or post something on the company's Facebook page or send a newsletter. But we do everything more or less similarly here or abroad, there are some magazine adverts, all the records are sent to suppliers and then we try to get some interviews for our bands, which are the most common ways.

13. Do you co-operate with other foreign record labels and distributors? If so, how important is the co-operation to your company?

A couple of times we have licensed some of our records to North America, and couple of times to Japan, so that's how we have done co-operation. But it depends on the record, some records don't attract any American labels but in some cases there have been bidding competitions about our records. Other times we co-operate by trading records with labels which quite common way to mobilize the assortment and gain a better selection to the webstore.

It's not a vital condition anymore. In the early days it used to be more important because we had a lot less titles and it was important to mobilize them quickly, and those days we sold quite a lot of the records directly and many wanted to trade rather than buy with cash. Nowadays that the international distribution network is better, so that we have records in every German market and all over England and elsewhere, so it's not that important anymore. We have sort of tried to decrease it because there are inconveniences in working for example with some unknown Greek heavy metal labels. People increasingly buy more selectively and more quality products and the mediocre products tend to stay in the shelves. People have a pretty good sense on what is good and what isn't and anyway this heavy (metal) boom seems to be passing, and psychedelic, prog and stoner rock are rising.

14. What kind of effect do the foreign markets have in your artist choices and eventually in signing record deals?

Yes in some sense and the deals involve quite a small amount of money. It's pretty common these days that the band has finished their record before they

go and try to get a record deal, in which case the financing for studio processes, which used to take quite a lot of money, is missing because of the developed technology.

But yeah the international sales do have some effect. We are constantly offered with Finnish bands and they are pretty heavy-handedly selected, when considering the possible interest towards them abroad. Finnish market is so small that one can make it to the top 20 list by selling 300 copies. If you add up all the expenses like press campaigns and advertisement campaigns and others, the middle-sized record should sell around 2000 copies to get your own money back. Especially if it is made into some fancy vinyl issue, which we usually do with every artists, we don't generally dare to take anything that will sell only in Finland because then it ends up selling something like 300-400 copies. That is the case in most records; after the novelty status is gone, the sales drop unless the band activates exceptionally and tour constantly and sell the record that way. But the case usually is so that the sales in the first two weeks are half of the whole outlet. But then again if the record is critically acclaimed it might also be helpful.

15. What kind of factors or qualities in an artist, for example language or genre, matter to you when exporting their music?

In the end the language doesn't matter that much. We have more English language artists but we have for example Finnish prog which has been received well abroad. In the alternative genres it is seen abroad as interesting exoticness so it's not really a drawback. Maybe it may sell a little less because English-speakers don't understand the lyrics. So on the other hand we try not to worry about genres when building the roster. It used to be so with the record labels that everyone became marked for a certain genre and then if there was some differentiation, they started a subsidiary. At worst it used to be so that metal record labels had one for death metal, one for black metal and so on. Our mentality has been that people will find the good music regardless of what is written in the back cover, it doesn't have to be explained in plain like "this is progressive rock" or "this is metal" or whatever.

Challenges and the future of the company:

16. As a relatively small independent record label, what are your biggest challenges at the moment?

I don't believe the record sales are going to grow that much. The role of vinyl is growing constantly, as it has been in the news repeatedly that vinyl sales have increased so and so many per cents each year. Truth in that is that while it's increasing, it is happening from such small starting point that even if the sales double each year, we are still talking about quite small amounts. Probably the biggest challenge for us is to keep up with the digitalization of music meanwhile keeping the other extremity of quality vinyl sales alive, as there are still quite a

lot of those people who want to buy them. And it's not all old generations who refuse to adapt to technology since there's always young people coming wanting to take the physical copies with them. I don't see the near future particularly challenging as we are still quite a young company. Even though we were established five years ago, we've been releasing new music for only two years as before we were just doing re-releases. The new music side has been growing slowly on the side. At first it was quite small when we were selling around 500 copies, and now it's around 10 000, so mostly we've been establishing our place in the market so far. If we can find interesting artists and keep the costs sensible, I believe we can go on for many more years on a solid financial basis.

17. How do you handle distribution, promoting and other record label operations when other labels have more resources than you?

We maintain DIY mentality, we try to do everything ourselves. We have some contacts within our friends who do things that we can't do, for example record cover layouts but mostly we do as much as possible ourselves. For example I handle most of the stuff concerning our records and our firm myself, I handle wholesale and retail myself. Internet is such a tool that makes our operations much easier so a complex organization is not needed to run a record label like ours. The amount of releases that we have done is about 100 records a year which has shocked the people in the business and they have asked how many people we have working for us. But it's not rocket science, once the concept is working it's easy to release stuff more frequently and buy rights to re-releases. The amount for new music we release within a year is 10-15, which is not a reckless amount. I get often asked as the bigger labels are complaining that records are not selling, how are we able to release so many records. It's based on the fact that the investments on a record are minimal and there are no organizational costs other than the salary of two people and the rent of a warehouse.

18. What kind of effect has the generalization of the Internet had to your business? Which threats and possibilities has it presented?

I think it's been more positive. I belong to that part of the business who thinks that Internet should fragment the business, because I believe that this kind of business that can function fluently with such small resources couldn't exist without Internet. As the free information can spread easily all over the Internet we can keep our store open around the clock, not to mention how easy it is to handle international contacts via Internet. For example if we were to contact a band from the eighties saying we want to re-release their earlier works from the seventies we would do contracts and that wouldn't have been easy in the nineties when we would have had to trace people by phone. That kind of stuff is much easier these days. But I think more these kinds of companies will emerge, maybe not with the exact same concept but who use the Internet as a utility when you think about the fact that all our records just leak to the Internet and nobody pays anything. I have noticed the kind of development, even internationally, that the big record labels are beginning to give in and not to fight against free playing of music on the web. There are even some record labels who put entire records on YouTube for people to listen to them for free. In our

case, all of our records with digital rights have been in Bandcamp for free streaming and in Spotify, so we have never tried to limit the availability of records because I think it's more relevant to be able to listen to the whole record as easily as possible and those who want to buy it, buy it.

19. Generally speaking, how has the record label industry changed in the recent years in your view, and do you see it developing to some direction? For example, are some operations becoming more important than others?

It has probably been discussed already on the questions below but the record sales volumes are decreasing all the time, still I don't think it will not decrease that much anymore. Right now there are more "homeless" bands around and the bigger record labels are really cautious about what they are releasing. One record label even kicked out every band in its roster who sold less than 3000 copies. There's a growing competition on the good bands who everybody wants on their roster. I think that the gigantic multinational record labels are going to be less interested about the music and will go towards multimedia. Companies like us will probably become more common also in a larger scale. In America most of the companies we are in touch are led by one or max two people, which a setup that works for them. Surprisingly many do it as a free-time hobby when they go to a regular job and release 5-10 records a year. For us, because of the number of releases we do, it's a full time job.

20. What are the future plans for your company? Do you plan to expand your business?

We are going to take it pretty calmly for now. For the last two years we have been slowly expanding and once the sales volume and profits increases we can do bigger releases. But for the next few years there aren't any real expansion aspirations as it feels that many small companies try to take too big steps only after having stabilized their financial basis, by establishing branch offices or starting a side business which end up taking all their money after a while. So for now I can't say what plans are there but for now let's see how the growth keeps on going.

21. What kind of advices would you give to those who are thinking of starting their own record label?

Well, the thing with this business is that even if having an own record label sounds intriguing, a couple of years of work around the clock is going to be needed to make the business work fluently. Internationalization is probably the most essential thing. You have to be able to speak English and acquire contacts as soon as possible and find such material that is interesting to other people as well. It's been hard to find bands who have larger market potential. The structure is that it's very hard to get profits but in theory it is possible, and even if I don't think that this is a completely dying business, there really hasn't been new companies for the last two years. There are some companies that dominate the field. In Finland there the small record label activity was viral in the 90s but they

have all died. There are the multinationals, there are some pure heavy labels and then there's us. The decreased sales volumes have probably driven people away from the markets. Even ten years ago it was possible to sell anything for 500 copies, or people thought that the record would anyway sell at least that much. There are so many things that effect the sales, such as what is popular and so on. And this is not the kind of business that attracts young people because there's not much marketing and making it to the hourly wage contracts is challenging.

Appendix 6

A face-to-face interview with the CEO of Stupido Productions Oy Joose Berglund, 19.05.2014, Helsinki, Finland.

This interview was conducted in Helsinki, Finland, on Monday 19.05.2014. The interviewer was Mikko Matikka and the interviewee was Joose Berglund. The interview was conducted in Finnish.

Basic information about the company:

- 1. Could you please state your name, your company name and your position in the company?**

Stupido Productions Oy, Joose Berglund. Position, well, what should we call it? I guess owner, CEO, errand boy, garbage man and everything in between.

- 2. When was your company established?**

Well originally already in year '89, but there has been many phases so as a current company in the year 2007.

- 3. How many employees does your company have?**

That's a pretty hard question. Basically I employ only myself but then we have a pretty vast network of people who produce certain services for us. My wife does a lot of graphic design et cetera, and we have a net-maker. Well there's two of us actually because we have a permanent gig booker who gets a monthly salary. We employ two people but if you include all the supporting operators, they are all so-called bought services, that makes it five or six, and if you count in the artists, suddenly you get nearly 60 people.

- 4. How is the company management? It's all 100 per cent yours?**

Yeah.

- 5. In which areas does your company operate?**

Well we do all kinds of things aside of publishing records. In fact, the term record label is water under the bridge these days. We are a music company, 80 per cent of our turnover comes from everything else than publishing records. The significance of a physical product is starting to drop to something, which in

2006-07 was something like 90 per cent of turnover coming from physical record sales to something like 10 per cent today.

6. How many artists your record label has in its roster at the moment?

In fact I haven't counted it. In the record label department we have maybe 15 active ones, in gig sales department the number is probably above 60 at the moment.

7. Which genres does your artists represent?

Pretty much all kinds of styles, but the emphasis is on indie, punk and alternative.

Internationalization of the company:

8. Does your company operate abroad? If so, in which countries?

Yes, but the financial significance isn't that big. Our record distribution covers the Nordic and Baltic countries. Then we have exported live acts, and sold records and licenses to Russia. Then of course we have been to Estonia with the bands quite a lot, and imported Estonian music to Finland. And then in Central Europe, where we have had a lot of licensing activity, there is Germany. And well, if you look today in our website we stream our music and there is a possibility to observe where they are listened to, and perhaps 75 per cent is from Finland, but some from Germany, Sweden, Estonia and Russia. Over the years some small sales activities or streaming is coming from as far as Japan and America. And streaming altogether is not limited to national borders so anyone who can access Spotify, well in the United States it doesn't work, but anyone else accessing it can listen to our products from wherever. This didn't exist before of course.

9. In which ways have you expanded your business abroad?

Well it's the streaming. In the old times the foreign revenue came from licensing a record or selling completed records, or then there was some kind of gig activity. Now the streaming means that anyone can listen to our products from anytime and anywhere, where Spotify is online. And through our digital distributor we access also iTunes, Deezer and others, but if you look the coverage of where the money is coming from, it's really from Spotify. The coverage is something like 80 per cent.

10. Which factors have been the most important for your label in expanding the business to foreign markets? You have mentioned streaming many times already so that must be it?

That is it at the moment.

11. Which means of marketing do you apply in promoting your artists?

The Internet, all kinds of fairs you can visit, different kinds of showcase festivals et cetera.

12. Is there differences between your domestic and international marketing? If so, why do you differentiate?

Well of course Finland is a lot easier, smaller and more limited market area. When exporting the thing is, how to market comprehensively to abroad. It's not the easiest thing in the world.

13. Do you co-operate with other foreign record labels and distributors?

Our main distributor is originally a Swedish company, called Playground. We have had multiyear partners in Germany, and Playgrounds tentacles reach Baltic and other Nordic countries. So of course we do that. The proportion is a little bit different than with the Finnish operators.

And how important is the co-operation to your company?

Right now I haven't checked it yet, but I would say that it is a couple of per cent of our total turnover to be honest. Probably less than ten.

14. What kind of effect do the foreign markets have in your artist choices and eventually in signing record deals?

Well let's put it this way. Primarily we think that the artist achieves success in home country but of course it is a plus if it is sensible to try export it abroad. For many artists the foreign countries gives them breathing room, something that helps them keeping going even if nothing significant would happen there. So I don't know, of course if for a long time there hasn't been an artist to export abroad one would think to choose someone singing in English so it's a matter of language pretty much then. Those singing in Finnish don't have huge demand abroad. Someone like Eläkeläiset is an exception confirming the rule. Basically it is so that if you sing in Finnish, the target market area is pretty much limited to Finland.

15. What kind of factors or qualities in an artist, for example language or genre, matter to you when exporting their music?

Of course the language matters. In some certain sub-genres it doesn't, for example Pää Kii has received some positive reception from abroad even though they sing in Finnish. But in those cases it is something like punk rockers liking the good punk songs no matter what the language is. When it comes to indie, it seems like it is easier to export music from some certain genre, for us it would be hard to export a band like Sunrise Avenue to Germany, but apparently there is demand for that kind of thing since Sunrise Avenue is succeeding there. We

wouldn't probably sign that kind of artist who does so mainstream stuff and we wouldn't have resources, since that kind of stuff is produced by all the international record labels, to compete with them. It would be something like competing in Formula 1 against the other teams with a Minardi, everybody knows how it will end, it's pretty rare to get the pole position.

Challenges and the future of the company:

16. As a relatively small independent record label, what are your biggest challenges at the moment?

Well the last decade has been quite a turmoil when you consider that our entire revenue structure has gone upside down. The music and bands are always the common divisor but the tools for making profit and staying alive have changed completely. Right now it feels like the turmoil is starting to settle and streaming is taking its place and the physical side is slowly descending into novelty items. True fans will probably always want the vinyl but the large majority is content with streaming. The live and merch businesses have their own logics but I think the turmoil is starting to pass, and also, piracy which was an issue five years ago is not such a big deal anymore thanks to streaming, because nobody has the need to steal anymore. So piracy as a problem is falling into an activity of some hardcore warez hackers, there are some people who download illegally until the end of time but the significance is not that big anymore.

17. How do you handle distribution, promoting and other record label operations when other labels have more resources than you?

It takes a little more ingenuity. On the other hand the fact that Finland isn't that big a country helps so one can still manage here. In Germany they have to have regional promoters, but here we have five million people so everybody knows each other in this business, so it helps the promoting quite a bit

18. What kind of effect has the generalization of the Internet had to your business? Which threats and possibilities has it presented?

It has turned the business upside down. But well, the worst threats have vanished and like I said before, I think the business is settling down. I don't know if you have followed the trial case of Hurriganes, Albert Järvinen's son demands that Universal should not distribute Hurriganes catalogue in Spotify, because an agreement about it was never made. Around the same time this case was happening, the International Federation of Musicians claimed that musicians should receive 50 per cent from the revenues. These are both interesting cases and if these sort of claims start to get accepted, it means that we are again in a whole new ball game. Although it doesn't touch us that much compared to larger companies because the 50/50 deals are already quite usual for us. We have done the larger part of 21st century deals with masters anyway. So for us the change

in that respect is not that big, like it is for the large record labels. It may even benefit the indies in the end.

- 19. Generally speaking, how has the record label industry changed in the recent years in your view, and do you see it developing to some direction? For example, are some operations becoming more important than others?**

Answered above.

- 20. What are the future plans for your company? Do you plan to expand your business?**

It's hard to say. We don't really have Excel plans or anything, we're more organic unit. If we find good things, our old artists do good things, we find good bands and release good records, of course the snowball keeps rolling. But there are no plans like we would have to raise the amount of streaming or gigs by 30 per cent, it comes naturally. In the end it depends on the artists, if you lose one important artist it might show in company activities diminishing rather than expanding and you have to find another artists to fill the void. This summer has been tough for us in the sense that we have two artists who made hard profits for us last summer, Aino Venna and Pää Kii, who are both in gig hiatus, preparing new records. So we've been having a more quiet summer and next summer we will work more with them again. Right now we have been trying to find some alternative artists but sometimes you just can't find them.

- 21. What kind of advices would you give to those who are thinking of starting their own record label?**

Well I don't think nowadays one should start an old-style record label. If someone wants to start a music company, or if somebody is coming to the business in the hopes of quick profits per se, you might want to figure out something else. But if you dig music and you are willing to hang around with these people who are in the end artists, in good and bad, I guess you have to have the guts to leap into it and perseverance since the quick profits are not to be expected. Many companies have started from someone wanting to help his friends' band or something similar.

Appendix 7

E-mail answers to thesis interview questions by the owner of Ozium Records, 25.5.2014, Helsinki, Finland.

The interviewee answered the questions via e-mail. The e-mail answers were received 25.5.2014. The person interviewed was the owner of Ozium Records, Mats Florstam.

Basic information about the company:

- 1. Could you please state your name, your company name and your position in the company?**

Mats Florstam, Ozium Records. I am the owner.

- 2. When was your company established?**

I started for 4 years ago, before I worked at Transubstans Records.

- 3. How many employees does your company have?**

Only me.

- 4. How is the company management? Is it led by an owner or a board of directors?**

I own the company.

- 5. In which areas does your company operate?**

Releasing and selling records.

- 6. How many artists your record label has in its roster at the moment?**

Alonzo, Mamont, Luginoro, Magic Jove and Heroinne.

- 7. Which genres does your artists represent?**

Stoner rock, doom, hard rock, progressive and blues-soul 70's rock.

Internationalization of the company:

8. Does your company operate abroad? If so, in which countries?

I operate all around the world, mostly at Europe but also a lot at Argentina and Australia.

9. In which ways have you expanded your business abroad?

Through contacts and the Internet.

10. Which factors have been the most important for your label in expanding the business to foreign markets?

Taking almost no cut at all of my business.

11. Which means of marketing do you apply in promoting your artists?

Bandcamp, Spotify, iTunes, WIMP, Facebook and catalogue to other one-stops, gross stores.

12. Is there differences between your domestic and international marketing? If so, why do you differentiate?

No difference.

13. Do you co-operate with other foreign record labels and distributors? If so, how important is the co-operation to your company?

I co-operate with Hepto, Transubstans, Ripple Music, Easy Rider Records, Tee Pee Records, Bilocation Records and Napalm Records.

14. What kind of effect do the foreign markets have in your artist choices and eventually in signing record deals?

I have many different choices in signing record deals and won't tell anyone how I do it.

15. What kind of factors or qualities in an artist, for example language or genre, matter to you when exporting their music?

I book gigs for the bands and it's a must they work hard as well.

Challenges and the future of the company:

16. As a relatively small independent record label, what are your biggest challenges at the moment?

I want to keep it small and do not want to have many roosters at my label, I prefer to work with the bands for many years and have more releases with same bands.

17. How do you handle distribution, promoting and other record label operations when other labels have more resources than you?

Mouth to mouth has worked for me very well, so these days I don't have as much to do as much as in the beginning.

18. What kind of effect has the generalization of the Internet had to your business? Which threats and possibilities has it presented?

I have not noticed any threats, people still want CD's and in fact I do sell it more than vinyls, and I guess they still want to play the music when they are driving a car.

19. Generally speaking, how has the record label industry changed in the recent years in your view, and do you see it developing to some direction? For example, are some operations becoming more important than others?

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20. What are the future plans for your company? Do you plan to expand your business?

I do plan to start my own vinyl pressing business.

21. What kind of advices would you give to those who are thinking of starting their own record label?

Do not think you're going to earn a lot of money and work with the band members, I am still back of money of what I have placed on my releases.