Tianjin Daxue Xuebao (Ziran Kexue yu Gongcheng Jishu Ban)/
Journal of Tianjin University Science and Technology
ISSN (Online):0493-2137
E-Publication: Online Open Access
Vol: 57 Issue: 04:2024
DOI: 10.5281/zenodo.10953245

EXPLORING THE ENTREPRENEURIAL POTENTIAL OF MUSIC: A BUSINESS MODEL FRAMEWORK FOR MIZORAM

LALNUNMAWII RALTE
Assistant Professor, Department of Commerce, Government Aizawl College.
Email: mawii.mzu@gmail.com

LALDINLIANA
Professor, Department of Commerce, Mizoram University. Email: madinavarte@gmail.com

Abstract

This paper aims to connect the field of entrepreneurship with cultural work that is done to earn a livelihood. Among the cultural industries operating in Mizoram, the music industry has great potential for generating a sustainable source of employment. The digital revolution that harshly impacted this creative industry has also brought about numerous innovations. However, there is a tension between artistic goals and business concerns which is, in fact, a characteristic feature of creative industries. The first part of this paper seeks to provide learned arguments that re-imagine the "lone genius" music worker as a collaborative individual who develops his cultural capital and is able to create a sustainable cultural enterprise. The second part of the paper presents an innovative music business model that can cater to the specific needs of the localised music industry in Mizoram.

Keywords: Music Industry, Cultural Entrepreneurship, Collaborative Work, Innovative Business Model.

INTRODUCTION

In the past, the term 'music industry' was commonly associated with the commercialization of music recordings in tangible formats like vinyl discs, cassette tapes, CDs, etc. Up until the 20th century, the prevailing music business model was what could be referred to as the "ownership model" (Wikström, 2012) wherein consumers had to acquire physical products that store musical recordings. These musical recordings were expensive and not widely available; music fans had to visit record stores and carefully chose their purchases. Music lovers would build their musical library just as book lovers did with books- with cabinets and shelves. Music collections were proudly displayed in consumers' homes as testaments to their *good taste* and to *share* music meant physically lending or borrowing music cassettes and discs. The 'music industry' was considered synonymous with the recording industry, which was indeed a powerful intermediary between artists and listeners. It is not surprising that the most widespread perception of the music industry still and often revolves around the relationship between music artists, listeners and the recording industry. This form of music consumption where consumers own and build their musical collection physically is also referred to as "retrospective collection" by Wikström (2014). However, assuming this extremely myopic view of the music industry disregards the essential contributions of other significant players in the music industry. Small (1998) even warned that paying too much attention to the monetization of the relationships between the music artists, the listeners and the recording industry will limit a holistic understanding of music as a cultural and social

Tianjin Daxue Xuebao (Ziran Kexue yu Gongcheng Jishu Ban)/
Journal of Tianjin University Science and Technology
ISSN (Online):0493-2137
E-Publication: Online Open Access
Vol: 57 Issue: 04:2024
DOI: 10.5281/zenodo.10953245

practice, especially in light of the numerous innovations that have been brought about by the digital revolution.

What Constitutes the Music Industry?

Moisio and Rökman (2011) noted how perceptions about the music industry have shifted from a "product-centric view to a service-based model…where the end product is…the entire experience music invokes" and not just the musical work itself. Learned scholars like Galuszka (2012), Belcher (2012), Wikström (2014) and Sterne (2014), amongst many others, have acknowledged the broadness of the term 'music industry' by suggesting that the music industry is not one colossal industry but a collection of different but related industries that work with music in one form or another. These could be music composers, songwriters, artists, musicians, producers, sound engineers, instrument makers, merchandise designers, concert promoters, caterers and even lawyers for intellectual properties related to music creation. Galuszka (2012) included the live music industry, music education, music technology and instruments manufacturers and sellers to define the 'music industry'. Further, Belcher (2012) recognized recording, licensing, touring and live performances, merchandise, print and web design, publishing, marketing, advertising and public relations, video production, magazines and newspapers, musical instrument design and manufacturing as well as music hardware and software development as part of the music industry. In fact, Sterne (2014) goes much further to argue that there is no singular music industry; rather, there is "a polymorphous set of relations among radically different industries and concerns...There are many industries with many relationships to music." This view takes into account the vastness of the range of economic activities associated with music.

Wikström (2014) has provided a structured observation by separating these diverse economic activities into three core sectors, namely- the recorded music industry, the music licensing industry and the live music industry. The recorded music industry, as the name suggests, is concerned with the recording and distribution of recorded music; the music licensing industry deals in intellectual property by licensing compositions and arrangements to other businesses; and the live music industry deals in concerts, tours, etc. Other businesses related to making and selling music instruments, software, stage equipments, merchandise, etc. are not considered as integral parts of the traditional music industry.

With the advent of the internet, the interactive Web 2.0, in particular, and the resulting emergence of social media, user-generated content and collaborative online platforms, the music industry has undergone a massive overhaul. Digital piracy and illegal online file-sharing has disrupted the industry but has also forced it to adopt much-needed innovations. With digital innovations leading the charge, technology companies have emerged as major players in the music industry. The recorded music industry lost its top spot as the major revenue generator, the music licensing industry expanded from being a business-to-business player to being the most innovative music sector, and the live music industry has emerged as the largest revenue-generator of the three sectors (Wikström, 2014; Götting, 2022).

Tianjin Daxue Xuebao (Ziran Kexue yu Gongcheng Jishu Ban)/
Journal of Tianjin University Science and Technology
ISSN (Online):0493-2137
E-Publication: Online Open Access
Vol: 57 Issue: 04:2024
DOI: 10.5281/zenodo.10953245

Innovations in digital technology have made it possible for anyone equipped with a personal computer and the internet to create and upload music from anywhere in the world. Music artists now create, produce and market professional-quality music in their living rooms, with much smaller budgets than what contracts with record labels entailed. This new music economy employs cloud-based music distribution systems to satisfy the music demand of a much more diverse and harder-to-please consumer base. Streaming music from the internet has emerged as the most common form of music consumption, changing the business model from that of “ownership” to an “access-based” model (Wikström 2014). This new business model has changed the way music listeners consume music. They no longer need to own physical copies of (a limited number of) songs since they now have access to an unlimited library of songs, whenever and wherever they want.

Music Industry in Mizoram

Mizoram is a small state in northeastern India, whose population of 1.1 million (Census 2011) is dominated by the Mizo people, a tribal group who has managed to cultivate a reputation as being musically-inclined and talented in the musical art. The predominance of the Christian religion and the associated church activities that promote music has also contributed immensely. Due, in part, to the dearth of traditional industry in the region, other forms of industry have had to be developed to fill the gap. Cultural industry is one of the most promising developments in Mizoram, showcasing the unique cultural heritage and creative potential of the Mizo people while providing employment opportunities to a variety of artists, professionals and also to ancillary businesses. The music industry, a subset of the larger cultural industry, is already providing income to stakeholders in the numerous ways

Owing to technological advancements in media, the supply of music has grown exponentially over the past decades in Mizoram. Consumers in the Mizoram music industry now have a plethora of musical genres to choose from, as well as the media with which to consume music. The digitization of media has further made it easier to access and consume music of one’s choice. The music industry in Mizoram is still in its infancy, with untapped potential, undiscovered talents and vast opportunities remaining to be exploited. Ghani, Kerr and O'Connell (2014) have put it succinctly- ‘District traits and local conditions take on a much greater importance, vis-à-vis incumbent employment distributions, with the economy in transition. At such an early point and with industrial structures not entrenched, local policies and traits can have profound and lasting impacts by shaping where industries plant their roots’. It is imperative that this intangible industry be developed to harness the significant potential present within the state.

Entrepreneurship in the Music Industry

Identifying entrepreneurship as a leadership style, Peterson & Berger (1971) viewed it as a strategy employed by large organizations to cope with turbulent market environments. The music industry was already considered to be a turbulent environment, even prior to the digital disruption. The authors suggested that entrepreneurship can be exercised in

Tianjin Daxue Xuebao (Ziran Kexue yu Gongcheng Jishu Ban)/
Journal of Tianjin University Science and Technology
ISSN (Online):0493-2137
E-Publication: Online Open Access
Vol: 57 Issue: 04:2024
DOI: 10.5281/zenodo.10953245

anticipation of turbulence, even though it is entrepreneurship that often creates turbulence in the first place.

Schumpeter (1983) provided five conditions under which entrepreneurs may carry out innovations, namely:

- the introduction of a new product or service;
- the introduction of a new method of production;
- the opening of a new market;
- the conquest of a new source of production input; and
- a new approach to organization of an industry.

Carrying out a new combination of any of these resources means exploiting the existing resources in ways that have not been done before, which can elicit resistance from society as many people are not comfortable with new things and often resist changes in practice and customs (Schumpeter, 1983). Further, entrepreneurs are “individuals who exploit market opportunity through technical and/or organizational innovation” (Schumpeter, 1965), to create change and break boundaries despite resistance from society. Thus, entrepreneurship is the act of bringing new innovations to the market to initiate economic change and entrepreneurs are the driving force behind economic growth and development. However, because ‘entrepreneurship’ according to Schumpeter is action-oriented, the entrepreneurial identity is temporary and a person is an *entrepreneur* only for the duration of his actions being innovative, that is, when he or she is trying out said new combinations (Schumpeter, 1983).

While Schumpeter focused on the individual being innovative and acting as a lone visionary in the face of resistance from society, this theory of entrepreneurship does not fully describe the music industry where collaboration is the norm. Music artists regularly tap into their social contacts for many and varied purposes to further their career – collaborating with other artists, producers and other music industry professionals; to grow their audience/fan base; to gain access to information about performance opportunities and also for infrastructure resources like recording studios, technical equipment, performing venues, etc. Furthermore, especially in places like Mizoram where the music industry is fragmented to say the least, financial resources are obtained largely through social referrals and personal networks. There is a communal sense of collaboration and mentorship opportunities to be tapped too. This social structure or ‘social capital’ as Burt (2000) puts it, can be exploited innovatively to develop the music industry. ‘Social capital’ is the relationship that industry stakeholders have with others within the same market, and success is dependent on an individual’s relative position within the network. Entrepreneurship, in this social context, is the act of bringing together unrelated and distinct stakeholders of an industry to create unique opportunities (Burt, 2000). Coulson (2012) acknowledges the emergence of creative industries such as the music industry as a new economic power, and regards networking as an essential entrepreneurial skill and introduced the concept of “active networking” to study musicians’ understanding of

Tianjin Daxue Xuebao (Ziran Kexue yu Gongcheng Jishu Ban)/
Journal of Tianjin University Science and Technology
ISSN (Online):0493-2137
E-Publication: Online Open Access
Vol: 57 Issue: 04:2024
DOI: 10.5281/zenodo.10953245

entrepreneurship. Burt (2015) also discussed how an entrepreneur can leverage his or her social connections to gain a competitive advantage. He argues that entrepreneurs who have close connections to others in the same industry can make use of “structural holes” or gaps between disparate social network to access valuable resources such as unique information, funding and other opportunities.

Another attempt to explain entrepreneurship in the music industry can be drawn from the ‘social entrepreneurship’ concept. Swanson and Zhang (2011) define social entrepreneurship as solving social problems through entrepreneurial processes that catalyze social innovation and change, and doing so in a sustainable manner. Austin, Stevenson and Wei-Skillern (2006) differentiate social entrepreneurship from commercial entrepreneurship by highlighting the stress that social entrepreneurs put on creating social impact while solving problems or needs that have not been met by commercial entrepreneurs. To social entrepreneurs, financial rewards are secondary and creating social value is the primary goal. Swanson and Zhang (2011) and Austin, Stevenson and Wei-Skillern (2006) also note that social entrepreneurship is not only limited to non-profit organizations but also involves partnerships with and between a variety of stakeholders, including business, government agencies, civil society and non-profits bodies. The shared goal of creating sustainable solutions to social problems is the driving force behind social entrepreneurship.

Music Workers as Cultural Entrepreneurs

Advances in technology contributed a great deal to the rise of independent music production. Home studios, online marketing and distribution, digital music files, online payment systems, online streaming services- in the words of Von Hippel (2005), digital technologies have ‘democratized’ the production of music by making traditionally expensive and specialized activities accessible on a wider scale. With the lowering of the barriers to entry, many more music artists are now functioning as independent producers of their own art. Technological developments have forced a fundamental restructuring of the music industry- the role of record companies has been curtailed and in their place, independent music production has taken centre-stage. In essence, independent musicians have become ‘accidental entrepreneurs’ in their efforts to bring out their music to their audience. Oakley (2014) believes that many are ‘pushed’ into entrepreneurship as a means of survival. Creative workers are now expected to possess entrepreneurial skills including legal, financial and managerial skills in addition to creative skills, and be motivated by competitive self-interest rather than co-operation (Hendry, 2004; Hracs, 2012). Weatherston (2009) showed that music students had a “natural disinclination to be seen as entrepreneurs”. This could be due to the fact that “the musicians did not initiate their careers as the result of any entrepreneurial drive, but from the desire to be musicians” (Coulson, 2012).

However, deeper insights into the distinct processes of entrepreneurship and creating musical works reveal that being entrepreneurial mirrors that of the music creation journey- beginning with idea generation, the actual creation process and then the final stage of performance of the finished work (Kolb, 2020). de Bruin (2005) defined entrepreneurship

Tianjin Daxue Xuebao (Ziran Kexue yu Gongcheng Jishu Ban)/
Journal of Tianjin University Science and Technology
ISSN (Online):0493-2137
E-Publication: Online Open Access
Vol: 57 Issue: 04:2024
DOI: 10.5281/zenodo.10953245

in the creative sector as: 'The process of adding value to creative inputs/creativity…This value-adding process might not only entail combining creative inputs with humdrum inputs, but could also involve an 'entrepreneurial value chain''. Coulson (2012) regarded 'creative industries' such as the music industry as a new economic power and highlighted 'networking' as an essential entrepreneurial skill and introduced the concept of 'active networking' to study musicians' understanding of entrepreneurship.

The increasing integration of social media with music production and marketing makes musical works more accessible, but also puts more pressure on artists to produce and market their own work. Social media has diminished the role of traditional middlemen while creating a new class of tech-based middlemen. Artists must continuously find innovative ways to engage their listeners while simultaneously producing more and more creative musical work. They are increasingly becoming cultural entrepreneurs, undertaking creative work for the sake of exposure and network-building. Initially lacking economic success, they aim to build cultural capital which they hope will eventually turn into economic success (Scott, 2012).

Balancing Artistic Integrity and Economic Viability

Wilson and Stokes (2005) observed that cultural entrepreneurs like musicians experience a strong conflict between managing creativity and managing business aspects. As artists, they very often put their artistic integrity before other concerns, disregarding the needs of their listeners. Music and entrepreneurship have been, for the most part, regarded as polar opposites- music as an art form and entrepreneurship as an economic (that is, money-making) venture not *worthy* of being considered in the same breath. However, this orthodox standpoint is harming the music industry.

The image of a *starving artist* who is struggling to *stay true to his art* and not *sell out* to the corporate world has been so thoroughly romanticised that it overshadows the entrepreneurial flair demonstrated by music artists time and again. Artists have long been navigating a fine balance between their roles as cultural entrepreneurs and trying to make a living out of it. Initially, artists enjoy the freedom to create but this freedom gets curtailed by economic concerns when they began the commercialization process of bringing their creative works to the consumers. Sköld and Rehn (2007) noted that the rap music industry is one of the few in the music world that views entrepreneurship as a coveted virtue.

They also stressed on the need to view economic behaviour like entrepreneurship in very specific cultural contexts, since entrepreneurship in cultural industries tend to acquire specific, culturally constructed meanings. Therefore, creating greater awareness of the importance of entrepreneurship in the music industry can help all stakeholders, and policy-makers, to find new and more effective ways to encourage entrepreneurship in the industry. This is especially important for building sustainable music undertakings that are scalable and will last for generations.

Tianjin Daxue Xuebao (Ziran Kexue yu Gongcheng Jishu Ban)/
Journal of Tianjin University Science and Technology
ISSN (Online):0493-2137
E-Publication: Online Open Access
Vol: 57 Issue: 04:2024
DOI: 10.5281/zenodo.10953245

Music Business Models

Freedman (2003) noted that consumer dissatisfaction with the traditional business model contributed to illegal music sharing. Major record labels have responded with litigation and digital copyright protection technologies but this has been ineffective in curbing the piracy menace. The author recommended a shift from lawsuits to promotion and marketing schemes to entice consumers to reject illegal music consumption, essentially calling for new business models to be developed for the music industry in the face of technological developments.

According to Osterwalder and Pigneur, a business model describes the rationale of how an organisation creates, delivers, and captures value. They defined a business model as: “a description of the value a company offers to one or several segments of customers and the architecture of the firm and its network of partners for creating, marketing and delivering this value and relationship capital, in order to generate profitable and sustainable revenue streams” (Osterwalder & Pigneur, 2002). Meanwhile, Mansfield and Fourie (2004) describe it as “the linkage between a firm’s resources and functions and its environment. It is a contingency model that finds an optimal mode of operation for a specific situation in a specific market.” A suggestion by Timmers (1998) is worth mentioning here, wherein a business model describes "an architecture for the product, service and information flows" including descriptions of the various business actors and their roles as well the potential benefits that can be derived from those roles. Afuah and Tucci (2003) offered their version as the “method by which a firm builds and uses its resources to offer its customers better value than its competitors and to make money doing so”.

Traditionally, recording companies were vertically integrated multinationals who controlled every aspect of the music production process- song writing, recording studios, sound engineering, music recording, music publishing, music production, marketing, promotion and distribution networks, artist management, legal services, and even financing. The music artists signed to record labels only needed to bring their creative capital and hone their musical skills to advance their careers. They were not required to possess other specialized skills like technical, managerial, legal or entrepreneurial skills to progress in their profession. *Talent* alone was enough for success as finance was relatively accessible for promising artists. Individual musicians also enjoyed an element of job security when they were signed to recording contracts (Hracs 2012). The recording companies could repackage their old recordings in the new formats, reselling the same music over and over again with higher profits (Leyshon 2001). Thus, it could be said that the music industry and the technological industry used to enjoy a symbiotic relationship, with developments in one industry boosting the other.

Up until the 1990s, the ‘Big 5’ record companies – BMG Entertainment, Sony Music Entertainment, AOL Time Warner, EMI and Vivendi Universal Music Group dominated the industry because they owned the infrastructure of physical distribution of music, on which the music industry was heavily dependent upon. When the internet became widespread and illegal file sharing became a mainstream activity, these big firms lost their

Tianjin Daxue Xuebao (Ziran Kexue yu Gongcheng Jishu Ban)/
Journal of Tianjin University Science and Technology
ISSN (Online):0493-2137
E-Publication: Online Open Access
Vol: 57 Issue: 04:2024
DOI: 10.5281/zenodo.10953245

oligopolistic hold over the music industry because music consumption changed from a 'physical product' concept to that of a music-as-a-service (MaaS) concept which has now evolved into an "access-based" model (Wikström, 2014). New players like Apple Music and Spotify dominate the music industry and Live Nation has emerged as the largest music company. As the record companies failed to keep up with the rapid speed of technological changes, alternate channels of distribution arose that bypassed traditional players. With the loss of control over the distribution channels, the record companies also lost control over the production process of music itself. This has made them more risk-averse, reducing new contracts and concentrating on a small number of "proven musical commodities" that have a higher potential for commercial success. They have also reduced the kind of supporting services they once provided to their signed artists, and are now less concerned with developing new musical talent. In effect, they have transitioned from being music producers to music marketing companies, as they have become more interested in the finished product than the developmental process. As a result, independent music production has gained popularity and is now the dominant form of employment in the industry (Galuszka 2011; Hracs 2012).

Innovations in Music Business Models

The music industry is undergoing drastic reorganisation due to changes brought about by the digital revolution. Established business models of the recorded music industry, the music licensing industry and the live music industry have all been affected by the digital revolution. Even within the same industry, different media companies undertake innovation in different manners. The traditional business model of the music industry was based on industrial production and distribution of physical goods. Initially, composers, lyricists, musicians, artists and producers created musical works; next, these works were then recorded into physical formats like cassettes and discs, etc. for mass production; then, these physical products were distributed to consumers to generate revenue. Concerts, tours and licensing agreements were secondary marketing tools used to promote physical album sales and were not considered as major sources of revenue (Vacaro & Cohn, 2004). The post-Internet era of music business is characterised by numerous innovations in business models. Different companies in the same industry can exhibit different innovation styles. Synthesizing those different styles may reveal underlying patterns that have previously gone unnoticed. Studying such patterns of innovation, especially the proven ones, can facilitate other companies to imitate and reproduce the innovation. Such a replication exercise can save time and resources by reducing the risk involved in trial and error attempts.

Research Objectives

The first research objective of this paper is to connect the field of entrepreneurship with cultural work in music that provides a living and to re-imagine the "lone genius" music worker as a collaborative individual who is able to create a sustainable cultural enterprise. The second objective is to propose an innovative music business model that can cater to the specific needs of the localised music industry in Mizoram.

Tianjin Daxue Xuebao (Ziran Kexue yu Gongcheng Jishu Ban)/
Journal of Tianjin University Science and Technology
ISSN (Online):0493-2137
E-Publication: Online Open Access
Vol: 57 Issue: 04:2024
DOI: 10.5281/zenodo.10953245

METHODOLOGY

There is a dearth of academic knowledge about the issues in the cultural and creative industries, especially in the music industry, in Mizoram. Exploratory research design has been employed to develop preliminary insights that can be developed to gain a better understanding of the multifaceted problems faced by the music industry.

Literature review, observation and interviews are the methods used to gather the relevant qualitative data. To develop a coherent set of insights, synthesis method has also been utilised, involving a systematic and meticulous process of collecting, analysing, and integrating relevant literature to arrive at a new understanding of the research problem. Synthesis is achieved by exploring the individual concepts of entrepreneurship, technological innovations in music and business models, especially value networks – all independently at first, and then identifying common themes, patterns and differences between these concepts and then developing new insights.

Developing a Business Model for the Music Industry in Mizoram

Research in business model design has been moving toward to a dynamic value network concept from the conventional product-based value chain concept. As the main product (music recording) has become digitalized and the sale of physical products (cassettes and discs) declines, and with the emergence of new players in the music industry, the value chain concept has become inadequate to study the present music industry. Instead, the Value Network concept has been gaining ground in the field of empirical research in music business (Burt, 2000; Allee, 2008; Dellyana & Simatupang, 2013; Stuefer, 2016).

The Value Network is a framework that enables innovation and reduces risk by facilitating adaptability to dynamic market situations. First developed in the 1990s, it refers to a series of connections between businesses, organizations and consumers working together for their mutual benefit. It is an important concept in understanding how the interactions between businesses, their partners and consumers create value for the entire group.

A value network is an ecosystem containing symbiotic relationships between the network actors. It is most often used by industries like supply chain management, manufacturing, healthcare, etc. However, it has also been applied in knowledge management and intangible asset management as well (Allee, 2008).

Generally, value networks may be classified as internal value networks and external value networks. Internal value networks work within a specific organisation/industry while external value networks consist of the relationships that an organisation/industry has with others, such as customers, business partners, suppliers, regulators, the government and other stakeholders.

In practice, the value network is visualized as a map that has nodes (network actors or roles) and connectors. The nodes represent organizations and individuals, also referred to as actors, in the capacity of the roles they play (or have the potential to play) in the ecosystem.

Tianjin Daxue Xuebao (Ziran Kexue yu Gongcheng Jishu Ban)/
Journal of Tianjin University Science and Technology
ISSN (Online):0493-2137
E-Publication: Online Open Access
Vol: 57 Issue: 04:2024
DOI: 10.5281/zenodo.10953245

The connectors represent tangible as well as intangible relationships or interactions such as the flow of products and services; exchange of funds and information; and, transfer of knowledge between the nodes. In fact, doing unpaid favors for and mentoring other network actors also count as intangible benefits (Stuefer, 2016). A word of caution: if one node of the value network is weak, it may affect the rest of the network due to their interdependent, symbiotic relationship.

Normann and Ramirez (1993) proposed a version of the value network by introducing an idea called 'business constellations' that acknowledge the complexity of networks. They recommended continuously asking the question- "which relationships are missing which could create further value?" with the objective of improving relationships between the roles in the network. Finding creative answers to the question will contribute towards the goal of maximising value.

The local music industry in Mizoram was born out of the interactions between artists, musicians, fans and recording studios. These interactions have provided a loosely organized framework for small scale cultural production. However, success in the industry does not appear to be measured in monetary terms at present.

The main motivation for the artists is *to be heard* and to establish themselves as players in the music industry. Monetary benefits take a secondary role and commercial success is still minimal. But by acquiring and building social capital, music artists are able to harness it and build other business by riding on the back of their social capital.

Based on the concept of value networks, this study seeks to present a networked business model for the music industry in Mizoram. A networked business model indicates that no single organization can take on the work of managing all the resources and activities required for the production, marketing and further development of the product/service.

Therefore, these key concepts - collaboration, agility, iteration, long tail strategy, sustainability, knowledge management and globalization must be kept in mind, whether music is being offered either as a product or as a service. The business model is presented using the Business Model Canvas framework laid out by Osterwalder and Pigneur (2010). The Business Model Canvas has 9 components and are discussed below:

Customer Segments: Because music is a universal language that can be moulded to suit various purposes, the customer segment can only be defined as 'multi-sided'. Multiple groups of interdependent stakeholders create value through interactions. Classifying 'music listeners' as the only customer segment would be a grave mistake- individual music listeners themselves consume music in various contexts and scenarios. Anyone who stands to benefit from music – creators, studios, music fans, the film industry, technology companies, social media businesses, government agencies, non-profit bodies and civil society must be considered as customer segments.

Tianjin Daxue Xuebao (Ziran Kexue yu Gongcheng Jishu Ban)/
Journal of Tianjin University Science and Technology
ISSN (Online):0493-2137
E-Publication: Online Open Access
Vol: 57 Issue: 04:2024
DOI: 10.5281/zenodo.10953245

Value Proposition: The value proposition of the music industry can be multifaceted based on the specific sector and market the music business focuses on. Taking the novelty and cultural heritage of the Mizo community as the unique differentiator, the music industry of Mizoram can benefit immensely from a social entrepreneurship positioning – using music as a communication vehicle to create sustainable solutions to social problems. Music is subjective and means different things to different people.

It is a form of emotional and cultural expression; it has therapeutic benefits; it is an educational tool and a source of entertainment; it can provide inspiration and fosters creativity and most importantly, it fosters a sense of community and unity as it occupies a vital part of social gatherings and community events. Successful artists can leverage their influence by working with businesses, government agencies, civil society and non-profits bodies in a synergistic manner.

Channels: The communication channels to reach consumers have undergone immense transformation. Direct channels using third party platforms like streaming services and social media have replaced indirect channels like record labels, radio and broadcasting networks. For the music recording sector, dual-layer marketing based on 'freemium' streaming models is the practical distribution channel at present.

However, with the speed of digital innovations and their rapid diffusion, a good strategy is to create direct channels owned (in full or in part) by music creators that facilitate organic, constructive community-building.

Customer Relationships: Because of the multi-sided nature of the music industry, customer relationships are not uni-directional but lean more towards co-creation and mutual benefits. The Mizo community that populates Mizoram is close-knit and already collaborative by nature. As such, the 'lone genius' persona that often plagues the creative industries in other parts of the world is not deeply entrenched in the music industry. Therefore, collaborations and mutual work is the way forward for the industry.

Revenue Streams: There can be multiple revenue streams in the music industry – sale proceeds from physical music records and merchandise, live music performance revenue, monetizing intellectual property- licensing music for advertisements and commercials, social media content, video games, movies, etc., streaming royalties, subscription fees, equipment rental income, music tutoring fees, promotional fees, other third party hiring fees, and branded/customized tie-ups with restaurants.

Key Resources: The key resources for the music industry can be classified broadly as - intellectual property (copyrights, compositions, music sheets, master recordings, etc.), tangible resources like music instruments, recording and sound equipment, financial resources and human resources- artist talents and workers. Deeper exploitation of the intangible resources like copyrights through licensing fees and royalties is necessary for the music industry in Mizoram to get to the next level of progress.

Tianjin Daxue Xuebao (Ziran Kexue yu Gongcheng Jishu Ban)/
Journal of Tianjin University Science and Technology
ISSN (Online):0493-2137
E-Publication: Online Open Access
Vol: 57 Issue: 04:2024
DOI: 10.5281/zenodo.10953245

Key Activities: Original music works and compositions are at the core of any music industry. In addition, multimedia content that supports the core music work, such as music videos, streaming, social media content creation and merchandise lines form key activities of the music industry. Networking, promotion of third party products and services, hiring technical experts and re-training music workers in innovative technology like Artificial Intelligence are also essential activities.

The do-it-yourself model that bypasses traditional music businesses, community-building and fan engagement are vital activities for music artists. Legal education to protect intellectual property of creators must also be considered a vital activity.

Key Partnerships: Given the fact that technology has changed the course of the music industry, technology companies play a vital role, right from production to marketing and the final consumption of music. Music businesses must work in tandem with technology companies to maximise value and minimise risk, and also to stay ahead of the competition. Another key partner for music businesses is financing institutions.

Live music businesses and recording studios involve major financial investment and having a reliable and cost-effective financial backer can minimise risk for these businesses. The third key partner is educational establishments and religious institutions. Expanding the music industry in Mizoram is of prime importance to realise its value-creation potential and partnering with educational institutions and churches to offer music education in various scopes (theoretical and management courses) will ensure the longevity of the value being generated. The fourth key partners are the tourism and hospitality industries that can develop mutually beneficial relationships with music industry stakeholders.

Cost Structure: Like every business undertaking, the cost structure in music business also consists of fixed and variable costs. While recording studios and other production activities involve a larger proportion of fixed costs, live music businesses have a larger portion of their costs as variable cost. While following a cost-driven business model might work for music business, a value-driven business model may work better in the long run. This is because music has essentially ceased to be a physical product and is now offered more as a service and as such, value-driven pricing is commonly adopted for service offerings.

Limitations of the Study

The music business model proposed has been presented using the Business Model Canvas, which is an action-oriented framework that shows the interrelationships between different groups of stakeholders. Due to the amorphous and multifaceted nature of the music industry, the model presented may not be as effective as a model that is drafted for a specific entity.

The effectiveness of business models can also vary based on various attributes possessed by the stakeholders- their level of popularity, the target audience, the music genre being produced, etc. Also, the music business model proposed here must not be

Tianjin Daxue Xuebao (Ziran Kexue yu Gongcheng Jishu Ban)/
Journal of Tianjin University Science and Technology
ISSN (Online):0493-2137
E-Publication: Online Open Access
Vol: 57 Issue: 04:2024
DOI: 10.5281/zenodo.10953245

considered as written in stone but instead is a dynamic document that can, and must be, revisited time and again to adapt to changes in the business environment. In this age of frequent technological disruptions, businesses that work with music must position themselves as 'multi-sided platforms' that bring multiple groups of interdependent stakeholders together and aim to create value from the interactions.

References

1) Afuah, A & Tucci, CL 2003, *Internet business models and strategies*, 2nd edn, McGraw-Hill, New York.
2) Allee, V 2003, *the Future of Knowledge: Increasing Prosperity through Value Networks,* Butterworth-Heinemann.
3) Allee, V 2008, 'Value network analysis and value conversion of tangible and intangible assets', *Journal of Intellectual Capital*, vol.9 no.1, pp. 5-24. https://doi.org/10.1108/14691930810845777
4) Austin, J, Stevenson, H & Wei-Skillern, J 2006, 'Social and commercial entrepreneurship: Same, different, or both?' *Entrepreneurship Theory and Practice*, vol. *30 no.*1, pp. 1-22.
5) Belcher, J 2012, *The difference between the music industry & the recording industry*, viewed 5 January 2024,
6) https://www.musicthinktank.com/blog/the-difference-between-the-music-industry-the-recording-indu.html
7) Burt, RS 2000, 'The network entrepreneur', in Swedberg R (ed), *Entrepreneurship: The Social Science View,* Oxford University Press, pp. 281-307.
8) Burt, RS 2015, 'Reinforced structural holes', *Social Networks*, vol. *43 no.*4, pp. 149–161.
9) Coulson, S 2012, 'Collaborating in a competitive world: musicians' working lives and understandings of entrepreneurship', *Work, Employment and Society*, vol. 26 no.2, pp. 246 -261.
10) de Bruin, A 2005, 'Multi-level entrepreneurship in the creative industries', *The International Journal of Entrepreneurship and Innovation*, vol. 6 no.3, pp.143-150.
11) Dellyana, D & Simatupang TM 2013, 'Business model innovation in music industry: A literature review', *Handbook on the Economic, Finance and Management Outlooks, Proceedings Book of ICEFMO, 2013, Malaysia, pp. 552-563.* ISBN: 978-969-9347-14-6
12) Freedman, D 2003, 'Managing pirate culture: Corporate responses to peer-to-peer networking', *International Journal on Media Management*, vol. 5 no.3.
13) Galuszka, P 2012, 'The rise of the nonprofit popular music sector - the case of netlabels', in A Karja, L Marshall & J Brusila (eds), *Music, Business and Law. Essays on Contemporary Trends in the Music Industry*, IASPM Norden & Turku: International Institute for Popular Culture, Helsinki, pp. 65-90.
14) Ghani, E, Kerr, WR & O'Connell, S 2014, 'Spatial determinants of entrepreneurship in India', *Regional Studies*, vol. 48 no.6, pp. 1071-1089.
15) Götting, MC 2022, *Global Music Tour Revenues 2011-2020*, *Statista*, viewed 5 January 2024, https://www.statista.com/statistics/380120/global-music-tour-gross-revenues/
16) Hendry, J 2004, *Between Enterprise and Ethics: Business and Management in a Bimoral Society.* Oxford University Press.
17) Hinves, J 2012, 'Becoming a cultural entrepreneur: Creative industries, culture-led regeneration and identity', in Paquette, J (ed), *Cultural Policy, Work and Identity: The Creation, Renewal and Negotiation of Professional Subjectivities,* Routledge, London, pp. 161-178.

18) Hracs, B 2012, ‘A creative industry in transition: The rise of digitally driven independent music production’, *Growth and Change, vol. 43 no.*3, pp. 442–461.

19) Stuefer, J 2016, ‘Value networks and why they matter’, *Interaction Design Foundation – IxDF,* viewed 1 December 2023, https://www.interaction-design.org/literature/article/value-networks-and-why-they-matter

20) Kolb, BM 2020, *Entrepreneurship for the Creative and Cultural Industries*. Abingdon, Oxfordshire: Routledge. ISBN: 978-0-367-41973-8

21) Leyshon, A 2001, ‘Time-space (and digital) compression: Software formats, musical networks, and the reorganization of the music industry’, *Environment and Planning A: Economy and Space*, vol. 33 no.1, pp. 49-77. https://doi.org/10.1068/a3360

22) Mansfield, GM, Fourie, LCH 2004, ‘Strategy and business models - strange bedfellows? A case for convergence and its evolution into strategic architecture’, *South African Journal of Business Management*, African Online Scientific Information Systems (AOSIS), Cape Town, vol. 35 no 1, pp. 35-44. https://doi.org/10.4102/sajbm.v35i1.650

23) Moisio, L & Rökman, M 2011, ‘Musician’s, fans’ and record company’s value co-creation in internet’, *The 2011 Naples Forum on Service*.

24) Mulligan, M 2015, *Awakening: The Music Industry in the Digital Age*. MIDia Research, Great Britain.

25) Normann, R & Ramirez, R 1993, ‘from value chain to value constellation: defining interactive strategy’, *Harvard Business Review*, vol. 71, no. 4, pp. 65-77.

26) Oakley, K 2014, ‘Good work? Rethinking cultural entrepreneurship’, in Bilton, C & Cummings, S (eds), *Handbook of Management and Creativity,* Cheltenham: Edward Elgar Publishing Limited): pp.145-159.

27) Office of the Registrar General & Census Commissioner, India, 2011. Population Census 2011, viewed 1 December 2023, https://censusindia.gov.in/nada/index.php/catalog/43333

28) Osterwalder, A & Pigneur, Y 2002, ‘An ebusiness model ontology for modeling ebusiness’, BLED 2002 Proceedings. 2. http://aisel.aisnet.org/bled2002/2

29) Osterwalder, A & Pigneur, Y 2010, *Business model generation: A handbook for visionaries, game changers, and challengers,* John Wiley & Sons, Inc., Hoboken, New Jersey. ISBN 978-81-265-3367-1

30) Peterson, RA & Berger, DG 1971, ‘Entrepreneurship in organizations: Evidence from the popular music industry’, *Administrative Science Quarterly*, vol. 16 no.1, pp. 97-106.

31) Scott, M 2012, ‘Cultural entrepreneurs, cultural entrepreneurship: Music producers mobilising and converting Bourdieu’s alternative capitals’, *Poetics*, vol. 40 no.3, pp. 237–55.

32) Schumpeter, JA 1965, ‘Economic theory and entrepreneurial history’, in Aitken HG (ed.) *Explorations in Enterprise,* Harvard University Press.

33) Schumpeter, JA1983, *the Theory of Economic Development*, Transaction Publishers.

34) Sköld, D & Rehn, A 2007, ‘Makin’ it, by keeping it real: street talk, rap music, and the forgotten entrepreneurship from “the hood”’, *Group & Organization Management*, vol. 32 no. 1, pp. 50-78.

35) Small, C 1998, *Musicking: The Meanings of Performing and Listening*. Hanover: Wesleyan University Press.

36) Sterne, J 2014, ‘There is no music industry’, *Media Industries Journal*, vol.1 no.1, pp. 50-55.

37) Swanson, LA & Zhang, DD 2011, ‘Complexity theory and the social entrepreneurship zone’, *Emergence: Complexity and Organization*, vol. *13 no.*3, pp. 39-56.

Tianjin Daxue Xuebao (Ziran Kexue yu Gongcheng Jishu Ban)/
Journal of Tianjin University Science and Technology
ISSN (Online):0493-2137
E-Publication: Online Open Access
Vol: 57 Issue: 04:2024
DOI: 10.5281/zenodo.10953245

38) Timmers, P 1998, ‘Business models for electronic markets’, *Electronic Markets*, vol.8, pp.3-8.

39) Vaccaro, V & Cohn, D 2004, ‘The evolution of business models and marketing strategies in the music industry’, *The International Journal on Media Management*, vol. 6, pp. 46-58

40) VonHippel, E 2005, *Democratizing Innovation*, the MIT Press.

41) Weatherston, D 2009, ‘Nascent entrepreneurship and music students’, in Clews D (ed), *Dialogues In Art And Design: Promoting and Sharing Excellence,* ADM-HEA/GLAD, pp. 50–57.

42) Wikström, P 2012, ‘A typology of music distribution models’, *International Journal of Music Business Research*, vol. 1 no. 1.

43) Wikström, P 2014, ‘The music industry in an age of digital distribution’, in Vazquez, J, Morozov, E, Castells, M, & Gelemter, D (eds.), *Change: 19 Key Essays on How The Internet Is Changing Our Lives.* Turner / BBVA Group, Spain, pp. 1-24.

44) Wilson, N & Stokes, D 2005, ‘Managing creativity and innovation: The challenge for cultural entrepreneurs’, *Journal of Small Business and Enterprise Development*, vol. 12 no.3, pp.366-378.