

Selling Records and Selling Concerts

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Is music a very important or extremely important source of entertainment to you? When asked this very question, 51% of those surveyed responded affirmatively. When the same question was asked regarding watching TV or going to the cinema, the percentages were only 27% and 10%, respectively.¹ One may argue that, from the consumer's point of view, music is the most important form of entertainment. But somehow this does not seem to be reflected in the industry's financial performance: In the U.K., for example, music only accounts for about a quarter of the combined music+video+games total (the exact values are 27% for music, 41% for video and 32% for games).² What determines this divergence between consumer value and market value? Why is the music business model relatively less successful (financially speaking) than its close cousins?

Economist H. Vogel describes the evolution of the music industry along three business-model phases,

characterized by the ways in which music is performed, stored, and distributed. In the wax cylinder days, the business model was that of a *performance* service. The model then changed into a *product* service in which the sound-carrier formats ranged from singles and album compilations on vinyl to cassette tapes and then CDs. Now, in the age of wireless Internet and cellphones and everything digital, we are well into the *service* distribution phase.³

Is the current business model purely one of distribution? Are we witnessing a reversion to the original business model, based on performance? What does the current business model, and the various transformations it is undergoing, imply for the creation and distribution of value among the various key players?

Trends in record and concert sales⁴

Broadly speaking, revenue sources in the music industry may be divided into recording and non-recording. The latter, in turn, includes concert tickets and a variety of other sources: merchandizing, sponsorship deals, and so on. The most significant trend in the past few decades — especially the last decade — is the decrease in recording revenue and the increase in other income sources, especially touring: both the number and the average price of concert tickets has increased. As *Billboard's* executive editor Rob Levine puts it, "Touring is the cash driver in the music business as album sales decline."⁵ For example, in the U.S. performances of live music generate roughly \$3 billion in ticket revenue annually.⁶

Written by Professor Luís Cabral for the purpose of class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. © Luís Cabral

(See Exhibit 3 for top concerts in the first half of 2009.) This is still less than the \$12 billion generated from record sales, but the two numbers are approaching each other at a fast pace.

Recording revenues may be divided into CDs and CD-equivalent downloads (ten tracks are considered a CD equivalent). Depending on who's counting and how they count, downloads accounted for about a quarter to a third of recording sales in the U.S. in 2008 (see Exhibits 1 and 2). In Europe, the fraction of digital sales is considerably lower: about 10%. As Exhibit 2 shows (for the U.S.), the relative importance of digital sales has been increasing steadily, though not sufficiently to compensate for the decrease in (physical) CD sales.⁷

Compared to related industries, music is a leader in digital. In 2007, 15% of the industry's global revenues were of a digital nature. For newspapers (U.S. only), films and books, the figures were 7%, 3% and 2%, respectively.¹

Another important trend in the increasing use of the Internet. If about a quarter of recording revenues correspond to song downloads, the percentage attributable to the Internet is even greater, for many CDs are now purchased online. But the role of the Internet is not limited to recording-related revenue; it extends to tickets, merchandizing, etc. For example, 80% of all Ticketmaster's U.S. ticket sales are now conducted online.⁷

File sharing

Perhaps the most visible impact of the Internet on the music industry is the fact that users can download and share songs, especially the fact they can do so illegally and with a relatively small risk of prosecution. With increased bandwidth lines and sophisticated file-compression algorithms (especially mp3), downloading an average-length track is a matter of minutes or even seconds. "Far more people 'steal' music online than buy it. Peer-to-peer traffic monitoring firm BigChampagne estimates some 1 billion songs per month are downloaded from P2P networks for free, while only around 2 billion people have paid to download music from iTunes since 2003. The average iPod owner purchases approximately 20 songs per year from iTunes."⁷

Exhibit 6 shows the geography of file sharing. Several points may be taken from these data. First, file sharing is a global phenomenon. Second, while the U.S. represents the lion's share of downloaders and downloads, its piracy rate (where the number of downloaders is corrected by the number of users) is lower than in many other countries. Third, the table shows how difficult it is to get accurate data: the four columns, which are derived from three different sources, do not quite match with each other. Finally, it should be noted that Exhibit 6 is limited to developed countries. In developing countries, file sharing is more significant.

Illegal downloads are the natural scapegoat for the recording labels' drop in revenues. CD sales keep declining, CD stores keep closing — all because would-be buyers are now 'stealing' the same CDs, track by track, from peer-to-peer networks; or so the argument goes. But are illegal downloads the real culprit? This is one of those instances when we need to be careful not to confuse correlation with causality.⁸ It is a patent fact that CD sales have decreased at the same time as illegal file sharing has increased. This means that the two are correlated. It does not imply, however, that the latter caused the former.

At a theoretical level, the relation between illegal downloads and CD sales is ambiguous. On the one hand, we have the argument presented above: instead of purchasing a CD, music fans download the tracks online for free. On the other hand, the argument can be made

that file sharing allows music fans to learn about artists they would otherwise not know about — and this extra exposure may very well ultimately increase CD sales.

From a statistical point of view, the problem is that there might be a third variable that is causing both the decrease in CD sales and the increase in file sharing (e.g., artist's popularity, or album quality). For example, Alicia Keys' "As I Am" sold more CDs than Mariah Carey's "E=MC2." The former album was also downloaded more frequently than the latter. Clearly, the fact that CD sales and file downloads across albums are correlated does not imply that one causes the other. In fact, if we were to take correlation as causality, we would conclude that more file sharing leads to more CD sales, not less.

Our best hope for teasing out the correlation from the causality hypotheses is to find what experts call an "instrumental variable:" a variable that is correlated with downloads but not with CD sales. Economists F. Oberholzer-Gee and K. Strumpf propose student holidays as an instrumental variable. The idea is that, while on campus, students have access to high-speed downloads, whereas during school breaks they must settle for dial-up or lower-speed Internet access. (Their study refers to the September-December 2002 period, when download speeds were not as high as they are today.) Since most file sharing is done by students, school breaks have a significant impact on the rate of file sharing. But, arguably, school breaks have little direct effect on CD sales. Based on this strategy, Oberholzer-Gee and Strumpf conclude that file sharing has a nearly insignificant impact on CD sales.⁹

An alternative "instrument" is given by the lawsuits brought about by the RIAA against file-sharing violators. These lawsuits reduce the number of files posted for sharing and the number of downloads of these files. Do these lawsuits also increase album sales? Economist D. Blackburn estimates that "as a result of the lawsuit strategy followed by the RIAA ... album sales increase by 2.9% over the 23 weeks in the data sample after the strategy was announced."¹⁰ Moreover, file sharing has a negative effect primarily on sales by top artists.

A related data strategy is to compute "differences of differences." Economist S. Hong looks at a panel of household expenditures at the time of the introduction of Napster. If file sharing displaces music purchases, then music purchases by households with Internet access should have been more greatly impacted by the introduction of Napster, the first widely used file sharing software. In other words, the key is to compute the difference (between Internet households and non-Internet households) of the differences (between before and after the emergence of Napster). This approach is not without its problems, but it does address the issue in a natural way. Hong concludes that file sharing accounts for 20% of the decline in music sales. Moreover, he concludes that this is primarily driven by households with children aged 6–17.¹¹

Still another way to assess the impact of file sharing is to run a survey. Economists R. Rob and J. Waldfogel asked a panel of undergraduate students at the University of Pennsylvania how much music they obtained from file sharing and from purchases. Ideally, one would like to find pairs of users that are identical in every respect except that user *A* downloaded album *X* but user *B* did not. Then we can ask the question, is user *B* more likely to purchase album *X*? Rob and Waldfogel estimate that, for albums that sold more than 2 million copies from 1999–2003, the answer is No, so there is no relationship between downloads and CD sales. However, for lower-sales albums, five album downloads correspond to one less album purchased.¹²

As is frequently the case, economics cannot seem to agree on the magnitude of the file

sharing-CD sales nexus. The recording industry, in turn, maintains the position that file sharing cannibalizes music sales considerably, mostly based on studies by private consultancies and on anecdotal evidence. For example,

In the UK, Jupiter Research valued the loss at £180 million in 2008, with a cumulative loss to the industry of £1.1 billion by 2012 if nothing is done to address the problem ... One British MP raised the issue in Parliament, citing the example of Pendragon, a progressive rock band from his constituency, who had sold 50 copies of their new music DVD in its first week of sale, but saw 3,000 copies illegally downloaded in the same period.¹³

The conclusion is that “unlicensed music and the unfair competition it imposes on legitimate services is the biggest challenge for the music business today.”¹ Or, as U2 manager Paul McGuinness puts it, “the failure of the ISPs to engage in the fight against piracy, to date, has been the single biggest failure in the digital music market.”¹

But the relation between digital and physical recording sales is only half the story. Above I mentioned the “sampling effect” theory, the idea that file sharing makes consumers aware of recordings they would otherwise not know about. A variation on this effect is that file sharing makes fans more likely to attend concerts by the bands whose files circulate on the net. Economists A. Sorensen and J. Mortimer study the relation between file sharing and concert attendance. They conclude that

while sales of recorded music declined after the introduction of file-sharing, concert revenues and the number of artists performing concerts increased dramatically. Overall, the patterns in the data suggest that while file-sharing may have eroded profits from CD sales, it also increased the profitability of live performances. Our numbers suggest that file-sharing actually increased the revenues from recorded and live music going to artists at typical royalty rates.¹⁴

Still another important consideration is that hardware sales, too, are a source of value; and while CD sales have decreased, hardware sales such as iPods have increased considerably. Economists Oberholzer-Gee and Strumpf illustrate the above points by adding concert revenue and iPod sales revenues to those of recording sales. Their data is reproduced in Exhibit 4. The graph suggests that the recent evolution of the music industry is more one of value shifting, rather than value destruction. (Note however that Exhibit 4 does not cover the entire music industry. It is possible, though unlikely, that iPod sales are cannibalizing on CD player sales, in which case total revenues may not be increasing as much. Moreover, the value created by iPod sales is lower than revenue for, unlike song downloads, marginal cost is not zero.)

In summary, the issue of file sharing is not simply one of (financial) value destruction; there is also a substantial shift in how that value is captured. In fact, as I will show next, the relative power of artists is considerably greater in live performances than in recordings.

Key players and balance of power⁴

Traditional recording contracts typically treated bands rather unfavorably, especially aspiring bands. Jacob Slichter, the drummer of Semisonic, reminisces on his personal experience:

Elektra would lend us money, called an advance, so we could pay for the recording costs of making an album ... If there were anything left over, we'd get to keep it, but it wouldn't amount to much. In return, we would grant Elektra the exclusive rights to our recordings ... If our CD was sold in stores for fifteen dollars, the band's share of the revenue might be something between fifty cents and a dollar per CD. Would we get to keep it? No! Elektra would add up all of the expenses of recording and promoting our album. Our share of each CD sold would be swallowed up by that debt.¹⁵

Concert contracts have similar features, but the balance of power is somewhat different. Typically, the band receives an advance, from which it has to pay expenses such as travel. Before any additional revenue is paid to the band, the promoter receives an agreed amount for expenses and profit. Once that threshold is attained, additional revenues are split between band and promoter based on an agreed upon rate, typically around 85% for the band and 15% for the promoter. Other sources of revenue are normally given to one of the parties entirely, e.g., merchandizing to the band, parking and concessions to the promoter.

The contrast between recording and touring revenues is illustrated by Exhibit 5, which shows the main sources of revenues by the top touring artists in 2002. The sample of artists is biased in two ways: "top" and "touring." Smaller artists and artists who do not tour as much are likely to display different percentage distributions. Still, it is remarkable that nearly three quarters of artists' income is derived from touring, especially if we consider that touring accounts for only about 20% of industry revenues (see the first section above).

As often is the case, contracts are incomplete and imperfect, a fact that frequently puts the band at a (further) disadvantage (in both recording and concert sales). For example, a series of audits revealed that Capitol/EMI wrongfully accounted promotion and production costs, so that from 1969–1979 the Beatles were paid \$19 million less than due to them.¹⁶ Similarly, Ozzy Osborne's promoter claimed advertising expenses for ads placed long after a New York concert had taken place.¹⁷

Recent technological developments — especially the development of the Internet and file-compression technologies — have changed the balance of power within the industry. It's increasingly difficult to raise revenues from recordings. As a result, concert performances are becoming more important, both in relative and in absolute terms. As Vans Warped tour promoter Kevin Lyman puts it, "Touring can't be free. Music will be, but touring can't," meaning that ticket sales, merchandizing, concession sales, sponsorship deals and so forth are all largely piracy-free.⁷

Moreover, the possibilities opened up by the Internet are blurring the distinction between record sales and concert sales. "The line between buying an album or song and buying a concert ticket has blurred in the digital age. It's all just links and payments now, so why not consolidate that activity through one provider? Why force fans to go to one place to buy a concert ticket and another place to buy the album?"⁷

This is the context in which the new business model is gradually emerging. The buzzword is "360," as in the "the 360-degree model." The idea is for labels to sign artists to contracts that include not only recording and sales of records but also merchandizing, touring and other revenue sources that recording studios have not traditionally been involved with. As Vivendi Chief Executive Jean-Bernard Lévy puts it,

The record industry used to be focused on the record and all the rest

was promotions. Now it's a more balanced business where you have records, TV shows, merchandize, touring revenues and so on.¹

But it's not only the labels who are thinking about the 360 approach: concert operators too are getting in the global game: if record labels want a piece of the concert business, concert operator want a piece of the recording business as well. "Once comfortably parked at different ends of the music street, the two are now driving toward each other at full speed like two semi trucks playing chicken."⁷

Who will win the race? For U.K. recording companies, "in what may be the first concrete evidence of the mythical 360-degree model, non-recording copyright revenues increased 16.2% in 2007, with deals including income from merchandise, touring, the use of artist logos, digital products such as mobile phone wallpaper and sponsorship deals. Sync income also grew strongly, increasing 20.1% over the year."¹⁸

But the first groundbreaking move was taken by touring operator Live Nation. In October 2007, they struck an unprecedented deal with Madonna, noteworthy not only for its size — the first nine-figure contract in music history — but also, and perhaps mainly, for its nature. Live Nation paid Madonna \$100 million in exchange for "three albums and the exclusive rights to promote her concerts and to market her merchandize in a wide-ranging partnership. The deal, which includes cash and stock, would pay her about half the total upfront."¹⁹

The Madonna contract was perhaps the first milestone in the new 360-degree model era. Commenting on the deal, M. Rapino of Live Nation said that

While everyone's talking '360,' we were quietly building the services to do it right. We are the best live touring company in the world. But touring is just the shallow end of the profits pool, with a margin of about 4%. Our scale of global concerts buys us credibility in the relationship with the artist to start entering into sponsorships, fan clubs, T-shirts, streaming, VIP, etc. All of those are much higher margins than four.²⁰

Who will win the race for dominance of the new music industry? "Does Live Nation ultimately merge with Universal Music Group? Does Apple buy AEG? Who knows, but the way digital is leveling the playing field, it is inevitable that continued overlap among entities like these will ultimately change the industry landscape."⁷

Internet-based revenue-generation strategies

While there is debate as to the exact impact of illegal downloads in cannibalizing traditional music sales, there is general agreement that the future of the music industry will be closely linked to the Internet, both as an advertising channel and as a point of sale. How can the various players best harness the power of the Internet? In this section, I present two examples. The idea is not to present a complete list of alternative strategies, rather to illustrate ways in which the music business model may evolve.

□ **Social networks.** One of the most remarkable trends on the Internet is the emergence and fast growth of social networks of some sort, from MySpace to Facebook and others. Blog services like TypePad, BlogSpot and Wordpress also induce networks that bring together millions of users worldwide. MySpace alone counts 70 million active monthly users.²¹ These

networks represent a tremendous potential for advertising and sales, and the music industry, like many others, is poised to take advantage of them.

One tantalizing possibility is to decentralize the process of music sales using network links. The traditional model is to have a dedicated site like iTunes where users go to for music downloads. But why not have each user's site be a potential point of sale? In fact, the advantage of social networks is not simply their sheer size, but also the fact that they instantly connect like-minded users. This works for spreading news, opinions, etc; why not sales?

Easier said than done. The first problem is that the essence of social networks is not sales. For example, MySpace president Tom Anderson thinks that "the music-buying experience is different from what you do on MySpace. We're not investing a ton of energy in that. It's not a big part of our business." The second problem is digital rights management (DRM). "Your sales will follow where your content can be played," says Snocap's Rueff. "If it plays on an iPod, it's got a better chance of selling. And the only way to do that is with MP3s."²¹

One of the earliest efforts at the decentralized selling strategy was Snocap's MyStore widget. The idea is for users to place a button on their page that allows users to directly purchase a music track: it's as if music labels were to create millions of "vending machines" and then distribute them throughout the social network various sites. Despite early signs of promise, the MyStore widget proved a bit of a flop. Slightly more than 100,000 of MySpace's 5 million artists embedded the store on their profile, and few sales followed.²² In the Fall of 2007, Snocap laid off 60% of its work force,²³ and in April 2008, it was acquired by social networking company Imeem.²⁴ In September 2008, MySpace launched its own music sales service. Facebook is rumored to be working on one too. So, while the early efforts were not successful, the concept is still far from dead.

□ **SellaBand.** SellaBand is an online platform that brings together aspiring artists and willing fans-turned-into-investors. Each artist registers with the site and posts one or several music tracks. The site, organized by music genre, allows potential investors ("believers") to search and play the uploaded tracks. The innovative feature of SellaBand is to facilitate the direct financing of emerging artists by "believing" fans. Fans choose to invest in multiples of \$10 ("parts"). The goal is to achieve 5,000 parts, that is, the \$50,000 required toward the recording of an album.

Once the artist has officially reached the goal of \$50,000, he or she is obliged to sign a recording agreement. (Up to then, the artist is free to leave at any time, in which case the funds are returned to fans.) Of the \$50,000 raised, 10% may be used by the artist as "do-it-as-you-please" marketing and promotion; 20% are spent by SellaBand in manufacturing and distributing a limited edition album (one of the investing fans' perks); 10% are retained by SellaBand as a handling/management fee; and the remaining \$30,000 are used to finance the album's recording. Once the album is produced and for a period of five years, the net revenues generated by the album will be shared equally between artist and believers.

Although the site was created in 2006, as of June 2009 very few bands had been funded through the system. But it's probably too early to dismiss this and other related business ventures. Some analysts believe that sites like SellaBand have the potential to handover traditional industry roles to Internet users, relying on "wisdom-of-crowds" as many other sites already do. Will the SellaBands of the 21st Century be the end of music publishing as we know it?

When asked about the consequences of the French Revolution, Mao Tse Tung is reported to have answered: “It’s too early to tell.” The above are only some of many attempts at harnessing the possibilities opened by the Internet.²⁵ Many if not most have achieved only moderate success. It seems clear that the future of the music industry will be closely linked to the Internet, just as it was largely the Internet that forced the rupture of the old model. What exactly the new business model will be is still an open question.

Exhibit 1

Recorded Music Sales, 2008. Source: IFPI.

2008 values, \$ million				
	Physical	Digital	Other	Total
USA	3,138.7	1,783.3	54.8	4,976.8
Europe	5,808.8	750.8	576.2	7,308.8
Asia	3,600.9	1,063.6	108.1	4,772.7
Latin America	430.3	62.6	25.7	518.6
Global	13,829.3	3,783.8	802.0	18,415.2
Change from 2007, %				
	Physical	Digital	Other	Total
USA	-31.2	+16.5	+133.3	-18.6
Europe	-11.3	+36.1	+11.3	-6.3
Asia	-4.9	+26.1	+14.6	+1.0
Latin America	-10.3	+46.6	+16.7	-4.7
Global	-15.4	+24.1	+16.2	-8.3

Exhibit 2

U.S. music sales. Source: RIAA.

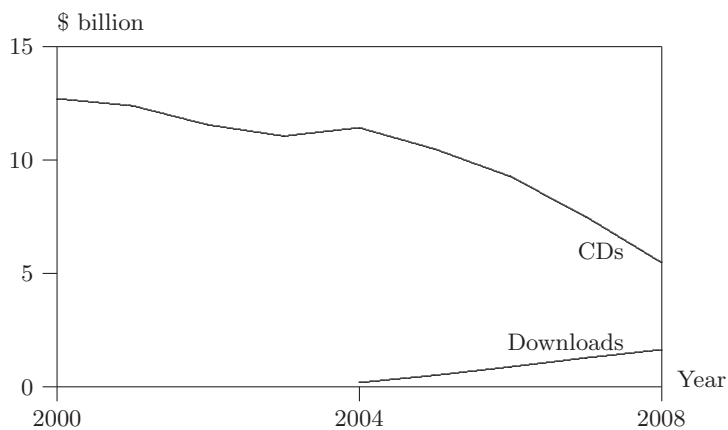


Exhibit 3Top concerts, January-May 2009.²⁶

Rank	Artist / Event	City / State	Event Dates	Sales (\$ mil)	Attend / Capacity	Prices (\$)	Promoters
1	Britney Spears, Pussycat Dolls	Rosemont, Illinois	April 28-29, 2009	3.194	32,942 / 32,942	150, 65, 39.50	Concerts West/ AEG Live
2	Bruce Springsteen & The E Street Band	Hershey, Pennsylvania	May 15, 2009	2.859	29,745 / 29,745	99.25, 33.25	Live Nation/ in-house
3	Pink, Faker	Perth, Australia	May 22-23, 2009	2.680	33,242 / 33,834	102.32, 79.10	Michael Coppel Presents
4	Jonas Brothers	Santiago, Chile	May 20, 2009	2.627	33,376 / 35,986	256.90, 52.84	T4F- Time For Fun
5	Britney Spears, Pussycat Dolls	Las Vegas, Nevada	April 25, 2009	2.482	15,728 / 15,728	275, 155, 95, 55	Concerts West/ AEG Live
6	Britney Spears, Pussycat Dolls	Uncasville, Connecticut	May 2-3, 2009	2.349	18,611 / 18,611	183, 160, 153, 100	Concerts West/ AEG Live/ Live Nation
7	Billy Joel & Elton John	Auburn Hills, Michigan	May 21, 2009	2.320	20,827 / 20,827	180, 54.50	Live Nation
8	Quilmes Rock: Radiohead, Kraftwerk, La Portuaria	Buenos Aires, Argentina	March 24, 2009	2.296	33,177 / 35,500	71.08	T4F- Time For Fun
9	Elton John & Billy Joel	Nashville, Tennessee	May 16, 2009	2.258	17,211 / 17,211	179.50, 54	Live Nation
10	Jonas Brothers	Buenos Aires, Argentina	May 21, 2009	2.147	43,502 / 52,152	163.83, 20.14	T4F- Time For Fun

Exhibit 4

U.S. music sales: cumulative values (i.e., top line represents sum of recordings, concerts and iPod sales).²⁷

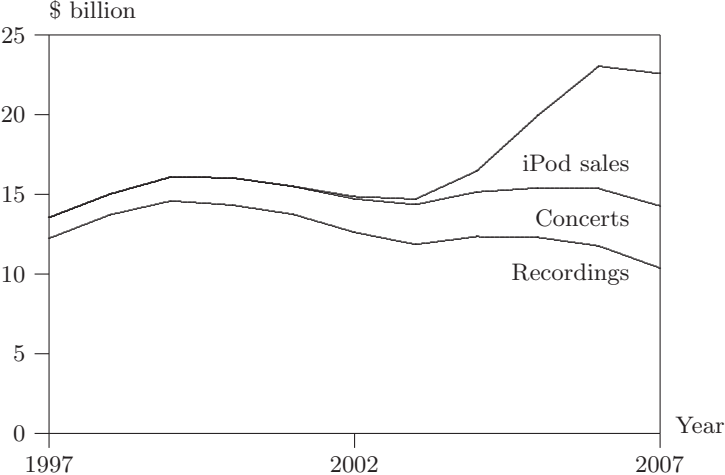


Exhibit 52002 top touring artists.²⁸

Rank	Artist	Live concerts	Recordings	Publishing	Total income	Percentage concerts
1	Paul McCartney	64.9	2.2	2.2	72.1	90
2	The Rolling Stones	39.6	0.9	2.2	44.0	90
3	Dave Matthews Band	27.9	0.0	2.5	31.3	89
4	Celine Dion	22.4	3.1	0.9	31.1	72
5	Eminem	5.5	10.4	3.8	28.9	19
6	Cher	26.2	0.5	0.0	26.7	98
7	Bruce Springsteen	17.9	2.2	4.5	24.8	72
8	Jay-Z	0.7	12.7	0.7	22.7	3
9	Ozzy Osbourne	3.8	0.2	0.5	22.5	17
10	Elton John	20.2	0.9	1.3	22.4	90
11	The Eagles	15.1	0.7	1.4	17.6	86
12	Jimmy Buffett	13.7	0.2	0.5	17.6	78
13	Billy Joel	16.0	0.0	1.0	17.0	94
14	Neil Diamond	16.5	0.0	0.3	16.8	98
15	Aerosmith	11.6	1.0	0.8	16.5	70
16	Crosby, Stills, Nash & Young	15.7	0.0	0.3	16.0	98
17	Creed	10.9	1.1	1.6	13.4	81
18	Rush	13.4	0.0	0.0	13.4	100
19	Linkin Park	1.7	4.7	6.3	13.1	13
20	The Who	12.6	0.0	0.0	12.6	100
21	Red Hot Chili Peppers	6.1	3.4	2.7	12.1	50
22	Brian "Baby" Williams	0.2	2.7	0.9	11.8	2
23	Nsync	7.7	0.5	0.9	9.4	82
24	Barry Manilov	8.0	1.2	0.0	9.2	87
25	Britney Spears	5.5	1.8	1.0	9.1	60
26	Alan Jackson	4.6	3.0	1.4	9.0	51
27	Rod Steward	6.6	1.4	0.8	8.8	75
28	Andrea Bocelli	8.1	0.2	0.4	8.7	93
29	Brooks and Dunn	6.7	0.4	1.4	8.1	83
30	Enrique Iglesias	4.4	1.5	1.7	7.6	58
31	Tom Petty	6.6	0.2	0.7	7.5	88
32	Tool	7.3	0.0	0.0	7.4	99
33	Kid Rock	3.4	0.8	1.3	7.0	49
34	Kenny	5.8	1.1	0.1	7.0	83
35	Santana	6.0	0.0	0.7	6.9	87
	Average	12.7	1.7	1.3	17.4	73

Exhibit 6

The geography of file sharing. Source: see Endnote 9.

Country	Share of			Piracy rate
	downloaders	downloads	Internet users	
United States	30.9	35.7	27.4	23
Germany	13.5	14.1	5.3	32
Italy	11.1	9.9	3.2	47
Japan	8.4	2.8	9.3	35
France	6.9	6.9	2.8	43
Canada	5.4	6.1	2.8	39
United Kingdom	4.1	4.0	5.7	26
Spain	2.5	2.6	1.3	47
Netherlands	2.1	2.1	1.6	36
Australia	1.6	1.9	1.8	32
Sweden	1.5	1.7	1.0	29
Switzerland	1.4	1.5	0.6	32
Brazil	1.3	1.4	2.3	55
Belgium	0.9	1.2	0.6	31
Austria	0.8	0.6	0.6	30
Poland	0.5	0.7	1.1	54

Endotes

1. IFPI, *Digital Music Report*, 2008.
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4. This section draws on Marie Connolly and Alan Krueger, "Rockonomics: The Economics of Popular Music," in V Ginsburgh and D Throsby (Eds), *Handbook of the Economics of Art and Culture*, Amsterdam: North Holland, 2006.
5. Adam Satariano, "Madonnas \$242.2 Million Tops Billboards Music Moneymaker List," Bloomberg.com. Retrieved June 9, 2009.
6. Phillip Leslie and Alan Sorensen, "The Welfare Effects of Ticket Resale," Stanford University, November 2007.
7. Anthony Bruno, "Digital Entertainment: Full Circle," *Billboard*, December 8, 2007.
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