

Economics of New Music

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I. Crisis!

The “Crisis”

It is a widely propounded notion among published critics of classical music that there is some kind of “crisis” in classical music, and by association in new music. Whether this anxiety is expressed as by Norman Lebrecht (2007), that an art form (recorded classical music) has essentially come to an end, or by Adorno (2002 [1958]), in the 1950s, that the practice of hearing itself has regressed, it seems that the sense of a crisis is perpetual. Other writers on the subject include Johnson (2002), Carey (2005), Fineberg (2006) and Kramer (2007). Commonly the titles of these books are negative or provocative (*Who Needs Classical Music?*, *What Good Are The Arts?*, *Classical Music: Why Bother?*, *Why Classical Music Still Matters*), but the arguments therein are not always similar. Johnson is essentially concerned with matters of taste – that there is, in fact, a difference between “high” and “low” culture – and he goes on to defend the values of “high” classical music in contemporary culture. The very position, however, – a defensive position – is illustrative of an imminent or ongoing crisis faced by classical music. Kramer makes a similar point, describing (in a deliberately personal style) the differences between flexible, arrangeable “tune” and rigid, written (but ultimately unattainable in practice) “melody” as the demarcation between popular and classical music. Fineberg, too, begins his argument along these lines – that there is a somehow better, serious music – and then claims that there is a trend away from this “better” music. Carey goes so far as to suggest that of all forms of art, only literature can now survive as “high culture”.

The argument that classical music is either dying or dead is usually put as follows:

1. There is a long-term decline in sales of recordings, notably CDs.
2. Audiences are ageing and concert attendance figures are low and decreasing.
3. Music in education is poor or entirely missing, leading to widespread ignorance of classical music in society.

Concerning new music in particular, to these arguments can be added the following, which I will consider as an independent part of the purported crisis:

4. The public do not want to listen to or pay for new music.

The Decline and Fall of the Compact Disc

The Recording Industry Association of America (the RIAA) is the industry association that represents the major record labels and distributors. The “big four” record labels (EMI, Sony BMG Music Entertainment, Universal Music Group, and Warner Music Group) make up the majority of the RIAA’s membership, by sales⁴. These groups own many other labels, including many historically significant classical labels (for example, both Deutsche Grammophon and Decca are owned by UMG). The British equivalent to the RIAA, the British Phonographic Industry (the BPI), has a similar membership, dominated by the UK divisions of the four major labels, although the BPI is considered a regional rather than a global industry trade association, unlike the RIAA, which reports on worldwide sales and represents members on an international basis.

Both the BPI and RIAA report sales of music on a regular basis, and both (unsurprisingly, as the respective memberships are dominated by the same companies) have in recent years reported similar trends in CD sales, as illustrated below by the RIAA, for the ten years to 2006:

Figure 1: Manufacturers’ Unit Shipments and Retail Dollar Value, 1997–2007 (RIAA 2008, ii)
 (CDs only, in millions, net after returns, showing year-on-year % change)

	1997	1998	1999	2000	2001
Units shipped	753.1 (-3.3%)	847.0 (+12.4%)	938.9 (+10.9%)	942.5 (+0.4%)	881.9 (-6.4%)
Dollar value	9,915.1 (-0.2%)	11,416.0 (+15%)	12,816.3 (+12.3%)	13,214.5 (+3.1%)	12,909.4 (-2.3%)
2002	2003	2004	2005	2006	2007
803.3 (-8.9%)	746.0 (-7.1%)	767.0 (+2.8%)	705.4 (-8.0%)	619.7 (-12.1%)	511.1 (-17.5%)
12,044.1 (-6.7%)	11,232.9 (-6.7%)	11,446.5 (+1.9%)	10,520.2 (-8.1%)	9,372.6 (-10.9%)	7,452.3 (-20.5%)

Figure 1 shows that after several years of high growth, the market for CDs declined with increasing rapidity in recent years (notwithstanding a small recovery in 2004), and somewhat precipitously in the most recent data, from 2006 to 2007. Over the period, the average price of a CD has also fallen (see Figure 2 below), which economic theory suggests should result in an increase in demand at the new, lower price, *ceteris paribus*⁵. However, demand has instead fallen, and as will be shown, all other things are certainly not equal.

⁴ 84.6% of the market in 2006, according to Nielsen Soundscan (2007).

⁵ Economics shorthand for “all other things being equal”; that is, only the variable under investigation is assumed to have changed.

Figure 2: CD Retail Price Changes, Accounting For US Inflation, 1996–2006 (RIAA 2006)
 (RRP shown in US Dollars)

	1996	1997	1998	1999	2000
Average CD RRP	12.75 (-1.7%)	13.17 (+3.2%)	13.48 (+2.4%)	13.65 (+1.3%)	14.02 (+2.7%)
US CPI change ⁶	+3.0%	+2.3%	+3.0%	+3.0%	+3.0%
RRP change (accounting for CPI change)	-4.5%	+0.9%	+0.8%	-0.9%	-0.6%
2001	2002	2003	2004	2005	2006
14.64 (+4.4%)	14.99 (+2.4%)	15.06 (+0.4%)	14.92 (-0.9%)	14.91 (-0.1%)	14.90 (-0.1%)
+3.0%	+3.0%	+3.0%	+3.0%	+3.0%	+3.0%
+1.5%	+0.8%	-1.8%	-3.5%	-3.4%	-3.2%

The data in Figure 2 could be interpreted as an industry-wide attempt to stimulate falling demand by cutting prices: the most sustained cuts in the period are in 2003–2006, when the falls in demand were greatest. As this strategy has not worked in the short term, it can be concluded that the overall market for CDs is falling. Other interpretations of the data could include falling costs for the supplier; this is considered further below.

The RIAA also supplies a break-down of sales figures by genre, format, age, gender, and sales channel. Of interest to this discussion are the figures for the “classical” genre, which are given in Figure 3 below, alongside the same figures for “rock” and “pop” for comparison. It should be noted that the RIAA’s methodology in gathering these data required consumers to classify the genre of their purchases, rather than relying on record label genre descriptions, which could vary from label to label and act to act.

Figure 3: Music Consumer Profile, Rock, Pop, and Classical Purchases, 1997–2007
 (Showing % of overall music sales⁷ in each year, and year-on-year % change⁸)

	1997	1998	1999	2000	2001
Market size, \$m	12,236.8	13,711.2	14,584.7	14,323.7	13,740.9
Rock	32.5% (n/a)	25.7% (-3.7%)	25.2% (+1.1%)	24.8% (-0.8%)	24.4% (-1.4%)
Pop	9.4% (n/a)	10.0% (+1.8%)	10.3% (+1.0%)	11.0% (+0.5%)	12.1% (+0.6%)
Classical	2.8% (n/a)	3.3% (+0.9%)	3.5% (+0.4%)	2.7% (-0.8%)	3.2% (+0.4%)
2002	2003	2004	2005	2006	2007
12,614.2	11,854.4	12,154.7	11,195.0	9,651.4	10,322.7
24.7% (-1.7%)	25.2% (-1.0%)	23.9% (-0.7%)	31.5% (+5.1%)	34.0% (-2.2%)	32.4% (+0.7%)
9.0% (-3.8%)	8.9% (-0.6%)	10.0% (+1.4%)	8.1% (-2.5%)	7.1% (-2.0%)	10.7% (+4.3%)
3.1% (-0.4%)	3.0% (-0.3%)	2.0% (-0.9%)	2.4% (+0.2%)	1.9% (-0.8%)	2.3% (+0.6%)

⁶ CPI: Consumer Price Index, a measure of inflation used in the United States.

⁷ Including non-CD sales such as cassettes and vinyl LP/EP, but not digital downloads.

⁸ Note that the year-on-year % change takes into account the change in size of the whole market, not simply the change in the market share % figure; the market size is the “overall size of the US sound recording industry based on manufacturers’ shipments at suggested list prices”.

Although “classical” has always formed only a small part of the market, figure 3 illustrates a slow but steady drop in the overall sales of classical music, a diminishing share of a shrinking market. It is interesting to note that such broad genres as “rock” and “pop” have also faced declines; this is balanced by growth in more niche genres such as rap, hip-hop, R&B, “religious”, and children’s music (which has experienced very dramatic growth in 2004–2006, to the point where it represents 2.9% of the market in 2006, compared to classical music’s 1.9%), and a broadly defined “other” category. This trend towards increasing diversification is significant, and is considered further in the following chapter.

The Ageing Audience

It is common for critics to allege an ageing and diminishing audience for classical music in general, for example Lebrecht (1996), 12:

Ticket sales have tumbled, record revenue has shrivelled, major players have lost their independence, state and business funds have dried up and artists who might formerly have looked forward to an independent solo career have gone begging for wage packets in the ranks of orchestras, themselves threatened with extinction. (...) The future of musical performance hangs in the balance at the close of the twentieth century.

Orchestras and concert halls alike appear to be facing greying audiences which dwindle year on year, for all classical music; and programming new music is often considered a certain path to even smaller audiences. In the case of new music, the blame is partly attributable to the formation and growth of the classical canon over the course of the 19th and early 20th centuries, and the decline in audiences for purely new music has taken longer than the alleged decline for all classical music. For example, in the 1790s, “84% of the repertory of the Leipzig Gewandhaus Orchestra consisted of music by living composers”; this had declined to 38% by 1855 and 24% by 1870⁹. I have analysed the published programmes¹⁰ of the same orchestra for the 2008–2009 Autumn and Winter seasons (six months from September 2008), and the 63 concerts in this period featured 117 performances of works by dead composers and 11 performances of works by living composers (Rihm, Bartel, Henze, Abe, and Gruber). Of the dead composers, Bach, Brahms, Beethoven, and Mendelssohn dominate the programme, but also included are the relatively recently-alive Bernstein and Messiaen, and (perhaps surprisingly) the avant-gardist

⁹ Weber (2000), 376

¹⁰ Performances given by the Leipzig Gewandhaus Orchestra, at the Leipzig Gewandhaus, advertised on www.gewandhaus.de as at 1 August 2008.

George Antheil. This tally implies a “living composers” figure of 8% in 2008–2009 to compare against the 24% of 1870.

Surveys and statistics appear to bear out the suspicion that concert hall audiences are ageing and dwindling; for example Mintel (2006) claims that around 84% “never go these days” (to a classical music concert), that there was a 33% drop in overall classical music concert attendances from 2003–2005, and that in 2006, 36% of classical music concert-goers were aged 55 or over (with 55% aged 45 and over, and just 14% aged under 25). In 2006, the CBSO sold 106,000 tickets (for a very wide variety of “classical” concerts), but allowing for some people attending multiple times, this indicates an audience for that orchestra of perhaps 40,000, in a city of over a million inhabitants (and with a true catchment area far larger than just the city of Birmingham).

Music in Education

A key aspect of the perceived “crisis” in classical music is the idea that (classical) music is sorely neglected in education. For example, Johnson (2002), 119:

The embattled state of music education and a widespread social ignorance about music relate to one another like chicken and egg. (...) Overwhelmingly [a relationship with classical music] begins at school ... The signal failure of our educational system ... is almost single-handedly responsible for the elitism of which classical music is itself accused. (...) State education policy thus reinforces the social divisions it pretends to oppose.

For Johnson, then, there is a lack of sufficient provision for classical music in schools, and this leads to a social division, a society in which only the rich (or at least, the middle class) can afford to privately educate their children in classical music, and to expose them to it in the form of concert attendance and home listening. This is the central issue which the *Music Manifesto* – an online collaboration of two UK Government departments and musicians, arts organisations, and “the music industry” – seeks to address (DfES, DCMS, *et al.*, 2006). The first of the *Manifesto*’s “five key aims” is:

To provide every young person with first access to a range of musical experiences. [It goes on to describe access] ... through the statutory National Curriculum and its delivery in schools.

Crucially, the *Music Manifesto* does not specify classical music, but it does attach importance to instrumental tuition, composition, and live performance. The lack of specific attention to anything that could be described as “classical music”, or even a shared Western heritage, reinforces Johnson’s argument that the “elitism” for which classical music is often attacked perpetuates itself. This lack, and its consequences, is addressed in the following chapter.

The composer Sir Peter Maxwell Davies, himself involved to an extent with the *Music Manifesto*¹¹, has also highlighted the alleged lack of attention to classical music in education (Maxwell Davies, 2007):

Two generations have now been deprived of the state music education available to many when I was a schoolteacher in the early 1960s. The Thatcher cuts separated millions of children from what we regarded as a God-given human right – access to our own culture, in all its forms, and particularly, access to serious music, in any literate or informed way. Now, in an atmosphere of philistinism actively encouraged from on high, we ... must make our case for serious Western classical music of the past and present, to those in authority not qualified to respond in any positive way, or even to be interested.

Maxwell Davies draws the same distinction between “serious Western classical music”, and (presumably) trivial pop music as does Johnson, and adds the proviso that the “God-given” right to access should be literate and informed. He also specifically includes music of the present, i.e. the “new music” that is the subject of this thesis. For Maxwell Davies, the result is two generations of “largely inarticulate victims of commercial music exploitation” (*ibid.*).

The sense of “crisis” among commentators also reaches the pinnacle of the apparently thriving practical music education system: the conservatoires. These institutions have been likened to “pyramid schemes” (Wexler, 2000), which prepare young musicians (at great expense) for a profession in music which perhaps only 10% will realise, and which ultimately only serve to perpetuate themselves as the graduates become the professors.

Classical Music on the Radio

Radio seemed, as it rapidly grew in the early 20th century, to be a safe haven for classical music, an opportunity as great as the LP. Major radio stations kept their own orchestras and the broadcast of classical music was encouraged by national governments, particularly during times of war. However, while state-funded radio orchestras remain in Europe (notably the UK and Germany), in North America they are an endangered species: the last, Vancouver’s CBC Radio Orchestra, announced its closure in April 2008, and classical music faces stiff competition from pop and rock on the commercial side, and from “world” and ethnic music on the public broadcasting side. Music as a whole faces competition from talk radio, for example BBC Radio

¹¹ Maxwell Davies claims to have had a “constructive dialogue” on the Music Manifesto with the project’s Development Director, Marc Jaffrey (Maxwell Davies, 2007).

4 and Five Live, TalkSport, LBC, and many others in the UK, and numerous talk shows (including infamous political talk shows and “shock jocks”) in the US.¹²

As with the LP and later the CD, when music is broadcast the more popular genres are predictably played more, but the problem facing radio is greater. While CDs compete for relatively plentiful shelf-space in stores, availability of frequencies on the analogue spectrum is strictly limited, and licenses can be expensive. Commercial operators naturally want a return on their investment in radio spectrum, and must attract both advertisers and large numbers of listeners. The result is homogeneity and conservatism, with unadventurous playlists endlessly recycled, and short, easily-digested chunks of music interspersed with pacy adverts. None of this is conducive to classical music, let alone new music; new, independent rock music faces the same marginalisation.

Both of the UK’s classical music radio stations have suffered from declining audiences over the past decade. Figure 4 below shows figures since 1999 for both stations, and compares these against combined totals for all UK radio stations.

¹² The reasons for the rise of the talk show are several. When FM stereo was introduced in the 1950s and 1960s, the stations on medium-wave – already overcrowded and subject to reduced quality due to interference – were largely reduced to talk-only broadcasts, and they subsequently pioneered phone-in chat shows (facilitated by the increased use of the telephone by the general public). Given their popularity, and the cheaper production costs of broadcasting telephone conversations rather than paying royalties for music, newly-deregulated commercial FM stations responded by developing their own talk shows, and the amount of music broadcast reduced correspondingly. One further reason for the rise of the talk show, particular to the United States, was the abolition of the FCC’s 1949 “Fairness Doctrine” in the 1980s, which removed the FCC’s previous requirement that both sides in a broadcast political debate be given equal opportunity to express their views. This led directly to the rise of numerous popular (and very one-sided) political talk shows.

Figure 4: UK Radio Reach and Listener Hours, Year to March, 1999–2008 (RAJAR, 2008)
 (Showing year-on-year change in reach and hours; all figures in thousands; RAJAR surveyed UK citizens aged 15+; UK population aged 15+ also shown)

Classic FM	1999	2000	2001	2002	2003
Reach	6,038	6,259 (+3.7%)	6,055 (-3.2%)	6,838 (+12.9%)	6,872 (+0.5%)
Total hours	40,784	45,597 (+11.8%)	45,907 (+0.7%)	50,197 (+9.3%)	49,997 (-0.4%)
	2004	2005	2006	2007	2008
Reach	6,544 (-4.8%)	5,977 (-8.7%)	5,711 (-4.5%)	6,031 (+5.6%)	n/a
Total hours	49,170 (-1.7%)	43,496 (-11.5%)	43,868 (+0.9%)	44,233 (+0.8%)	
BBC Radio 3	1999	2000	2001	2002	2003
Reach	2,277	2,143 (-5.9%)	1,920 (-10.4%)	2,132 (+11.0%)	2,096 (-1.7%)
Total hours	13,246	14,063 (+6.2%)	11,393 (-19.0%)	12,728 (+11.7%)	12,138 (-4.6%)
	2004	2005	2006	2007	2008
Reach	2,290 (+9.3%)	1,988 (-13.2%)	2,099 (+5.6%)	1,902 (-9.4%)	1,795 (-5.6%)
Total hours	13,502 (+11.2%)	12,609 (-6.6%)	13,995 (+11.0%)	12,014 (-14.2%)	9,764 (-18.7%)
All Radio	1999	2000	2001	2002	2003
Reach	42,632	43,358 (+1.7%)	43,372 (+0.0%)	44,350 (+2.3%)	44,786 (+1.0%)
Total hours	956,080	1,040,009 (+8.8%)	1,032,080 (-0.8%)	1,089,575 (+5.6%)	1,093,531 (+0.4%)
	2004	2005	2006	2007	2008
Reach	43,914 (-1.9%)	44,046 (+0.3%)	44,297 (+0.6%)	45,031 (+1.7%)	45,397 (+0.8%)
Total hours	1,086,425 (-0.6%)	1,058,579 (-2.6%)	1,054,084 (-0.4%)	1,043,560 (-1.0%)	1,033,308 (-1.0%)
Population	1999	2000	2001	2002	2003
Age 15+	47,652	47,944 (+0.6%)	48,134 (+0.4%)	48,660 (+1.1%)	49,029 (+0.8%)
	2004	2005	2006	2007	2008
Age 15+	48,384 (-1.3%)	48,862 (+1.0%)	49,377 (+1.1%)	49,806 (+0.9%)	50,334 (+1.1%)

Figure 4 shows the declining audience; a dramatic decline in some years, with BBC Radio 3 (which in the past has been far more of a “home” to new music than Classic FM) contriving to lose around a fifth of its audience in both the years to March 2001 and March 2008, and a decline in reach of 21.2% and listener hours of 26.2% over the period as a whole. Classic FM fares better, with a reach in 2007 comparable to 1999. However, against these figures, it should be noted that the UK population¹³ as a whole has risen gradually, growing 5.6% over the period, and therefore radio reach would have to have grown by more than this amount to achieve a real-terms growth; any less indicates a decline. The data for “all radio” indicate a 6.5% growth in reach and 8% in listener hours over the period, which compares favourably against population growth.

Along with Classic FM’s success relative to Radio 3 have come the aforementioned compromises associated with commercial radio: unadventurous and homogenised programming; bite-sized segments of music; and playlists designed to match popularity charts.

¹³ The UK population aged 15+ given here has been calculated by RAJAR.

Specifically relating to new music, Classic FM has long since abolished their “Contemporary Classics” weekly late-night programme, but has become involved in new music through projects such as the “Masterprize” – although the framing of the competition seemed designed to produce music that would be popular and anodyne above all – and through popular new choral and film music. The BBC as a whole continues to broadcast and commission more adventurous new music, has kept the Radio 3 weekly late-night new music programme, “Hear and Now”, (while it has reduced the amount of classical music broadcast in favour of “world music” and jazz) and regularly broadcasts new music as part of the annual Proms; it has been rewarded for this loyalty to new music by a loss of more than a quarter of its audience since 1999.

Unwanted: Classical Music

In conclusion, therefore, there would appear to be a crisis facing not just new music, but classical music in general. It spans recorded music, performance, and the education system, and the prominent writers to have treated the subject broadly agree: there is a crisis – from which it may already be too late to recover – and classical music (new or otherwise) is a dead or dying art. Regarding new music, the great orchestras (which are in any case alleged to be struggling) continue their trend of the last century or two of performing more and more exclusively the works of dead composers, ceaselessly wheeling out Brahms, Beethoven and Mendelssohn for their conservative, decrepit and disappearing audience.