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Strategies of Music Labels to Create Value in the Recorded Music Business Ecosystem

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Affidavit

I, **MAGISTER SVEN SCHUHMANN**, hereby declare

1. that I am the sole author of the present Master's Thesis, "STRATEGIES OF MUSIC LABELS TO CREATE VALUE IN THE RECORDED MUSIC BUSINESS ECOSYSTEM", 82 pages, bound, and that I have not used any source or tool other than those referenced or any other illicit aid or tool, and
2. that I have not prior to this date submitted the topic of this Master's Thesis or parts of it in any form for assessment as an examination paper, either in Austria or abroad.

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Abstract

This thesis examines how music labels strategically manage partners and create value in the recorded music business ecosystem. Systematically analyzing and hand-coding statements by top managers of three major music labels and two streaming platforms in earnings calls and conferences with institutional investors, this thesis studies with whom and for whom music labels create value and what their value proposition is. The findings of this analysis are compared to the literature on the distinct characteristics of value creation and appropriation as well as strategic alignment and competition in business and platform ecosystems.

The findings suggest that the market structure in the recorded music business is unique, because very powerful hub companies (major labels) from a highly concentrated market interact with multiple streaming platform ecosystems. Streaming platforms are the most relevant complementary partners for labels to appropriate value from recorded music, but they compete in their value creating strategy for artists and creators. Music labels react to this competition by diversifying their value proposition towards creators in bridging structural holes in the value proposition of streaming platforms. They do so by integrating services (through mergers, acquisitions and joint ventures) from adjunct business ecosystems connected to neighboring rights (merchandize, live business, publishing and artist management) as well as by aggregating data across multiple streaming platform ecosystems and all related fields of business (e.g., social media, neighboring rights, brands partnerships, music entrepreneurs). Moreover, labels leverage their huge catalogue of master rights to reinforce a fragmented landscape of multiple platform ecosystems by licensing content to and cooperating with a magnitude of streaming services.

This thesis adds to the understanding of value adding strategies in the light of ecosystem theory by studying the recorded music business. Next to this, it adds to literature on business and platform ecosystems in describing complementary strategies in a unique market constellation in which powerful hub companies interact with multiple platform ecosystems.

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1 Introduction

I still remember when I first installed Spotify soon after the company entered the German market in 2012. After I had spent years collecting music and visiting public libraries or record stores to check out newly released music albums, I finally found a seemingly infinite digital album shelf of music at my hand. The overwhelming amount of accessible music almost killed the excitement because I did not know where to start browsing through this digital shelf. Discovering music in streaming platforms is entirely different to discovering music in record stores. When I started working at a music label nearly two years later, the daily business routines in the label were mainly concerned with recording and promoting physical albums. Income from streaming services was still relatively small and the standard cookbook of how to create and distribute music was written in a different, more traditional language not the language of streaming platforms. Today, everyone is waiting for the update of the "New Releases Friday" playlist by Spotify at the end of the week. Having a track listed in this playlist is probably comparable to having a music video on rotation at MTV in the 90s. In 2020, income from streaming is the major single revenue source in the recorded music business and the main driver of industry growth (IFPI Global Music Report 2019, p. 13). In case the standard cookbook on how to create and distribute music would have been actually written, it needed to be re-written entirely today.

The emergence of streaming platforms has changed the process of value creation in the recorded music business dramatically. Streaming platforms are not just a novel distributor of music; they also bring about a specific organization structure. In 2012 artists were promoting albums with a length of about 50 to 60 minutes; today they are promoting songs of 3 minutes length. In 2012, artists wanted their albums put on shelves at physical retailers; today artists want their single listed in playlists at streaming platforms. In 2012, everyone could produce music at home, due to communized production technologies. Today, everyone can distribute his or her own music, make use of the same on-platform marketing services at streaming platforms as global superstars, and eventually manage to get a song listed in the "New Music Friday" playlist. In this sense, the emergence of streaming platform ecosystems question traditional value-added services by music labels dating back to times when they have been protected by expensive production and distribution technologies. This raises the question: What is the value

proposition of music labels in the streaming age and are they still making a relevant value-added offer and to whom?

The problem I address is the disruption of the value adding processes of music labels, which the emergence of streaming platforms has brought and still brings about. Streaming platforms are by far more than just a new category of distribution partner. Their platform ecosystems introduce a new mode of value creation and appropriation in the recorded music business and music labels now find themselves as participants in many platform ecosystems of audio and video streaming services. Nevertheless, a profound theoretical definition of the value proposition of contemporary music labels in the context of streaming platforms is still missing. This goes back to a lack in the theoretical understanding of the given market realities. Hence, it is crucial to understand how management theory describes value creation and appropriation as well as competitive strategies in ecosystems as well as to compare these theories to an analysis of the structure of the contemporary music business. The findings may help music labels to adapt value-adding strategies to optimize and defend their position in the market. By the contrary, lacking a clear understanding of the nature of their business and the processes of value capture and creation, music labels may fail, as they do not properly understand their competitors and their actions. More dramatically, new revenue sources may never be explored and new entrants might take away profitable positions. Beyond the scope of the music business, the findings from researching the recorded music market may benefit other segments other segments in the media business.

The aim of this thesis is to find out how music labels strategically manage partners and create value in their ecosystem of partners today. To answer the research question, I analyze statements by top managers of three major music labels and two streaming platforms in earnings calls and conferences with institutional investors. I investigate which business partners managers mention and how they describe these relationships. Given the fact that distinct processes of joint value creation characterize ecosystems, I analyze with whom and for whom the companies create value and what their value proposition towards their partners is according to the statements. I compare the value proposition they describe to the strategic objectives managers define for their own company. I specifically analyze the relationship of labels and streaming platforms as described by the managers.

Eventually, I compare the findings to theory on ecosystems. Considering the fact that this thesis is concerned with ecosystems in the business of recorded music, in which streaming platforms dominate the economic exchange with customers, I include literature describing value creation in e-businesses and platform ecosystems as well.

Theoretically, this thesis contributes to literature on business ecosystems (e.g., Jacobides, Cennamo and Gawer 2018, Shipilov and Gawer 2020, Adner 2017). The distinct structure of the recorded music market provides an interesting background to explore, because a) many platform ecosystems emerge in a b) highly concentrated market with only a few global companies owning the majority of content (labels) that are c) focal companies for d) countless creators and artists that e) need to cooperate to create content. Creators and artists have f) traditionally been coordinated by the global companies (labels) in their value creating process but f) find themselves in an equal position in the platform ecosystems now.

This thesis is structured in the following way: First, I provide an overview on the existing literature on business and platform ecosystems and describe the specific modes of joint value creation and appropriation as well as strategic alignment in such ecosystems. I refer to role of data for the emergence of business ecosystems and the concept of innovation ecosystems. Following this chapter, I describe the methodological approach and lineout the research context in describing the global music market and business of music labels. I present findings in the following chapter, which follows the structure of the theoretical part. Finally, I discuss the findings in relation to both ecosystem theory as well as managerial implications.

2 Theory

2.1 Fundamentals of Business Ecosystems

Business ecosystems are a distinct form of *non-hierarchically* organized cooperation of partners for *complementary value creation and appropriation*. In their article "towards a theory of ecosystems" Jacobides, Cennamo and Gawer (2018, p. 2256 to 2257) identify three major streams of literature according to which ecosystems either appear centered around (1) a new value proposition to customers, (2) a central company (hub) or (3) a platform as their focal point. The authors conclude that what makes ecosystems distinct from other forms of

cooperation is not only that partners organize non-hierarchically but also tie-in as modular entities in a process of joint value creation (Jacobides, Cennamo and Gawer 2018, p. 2255). In other words, participants in ecosystems are complementarities in processes of joint value creation and appropriation. Their individual activities rely on the activities of others. Similar to connecting building blocks, companies tie in their activities as modules in an overall process of joint value creation. Such processes can only stable without hierarchy and self-sustaining over time, if the complementary activities partners perform connect as unique modules to the process structure. In case that the complementary activities partners perform are not unique to a specific formation at all and fully replaceable, no ecosystem can form (Jacobides, Cennamo and Gawer 2018, p. 2263). Hence, complementary partners need to be "locked in" to a process of complementary value creation to a certain extend to allow ecosystems to form (Jacobides, Cennamo and Gawer 2018, p. 2263). Their lock-in to the joint process allows partners to mutually adjust without formal, hierarchical control and to build trust in a relationship in which their value-added activities, appropriation of returns and the recoupment of investments rely on other partners, the central hub company or platform (Jacobides, Cennamo and Gawer (2018, p. 2263). Hence, Jacobides, Cennamo and Gawer (2018, p. 2264) define ecosystems as "a set of actors with varying degrees of multilateral, nongeneric complementarities that are not fully hierarchically controlled". Shipilov and Gawer find that the elements of "modularity" and "complementarity" are described as unique to the process of value creation and appropriation in ecosystem in the literature they review (Shipilov and Gawer 2020, p. 97). They add that *networks* similarly exploiting non-generic complementarities are distinct because they are *formally* organized (e.g., by contracts) (Shipilov and Gawer 2020, p. 97). Next to this, the authors show that complementary relationships in ecosystems are characterized by two fundamental dependencies: 1) the output of one company relies on the output of another company or 2) customers need to buy a product or service from one company to use the product or services of another company (Shipilov and Gawer 2020, p. 94). Lastly, Shipilov and Gawer set forth that a "focal offer" or "focal value proposition" to customers is the starting point for ecosystems to emerge (Shipilov and Gawer 2020, p. 97). Tsujimoto et al. (2018, p. 52) present a similar conclusion comparing literature from four streams of ecosystem theory: Industrial ecology, business ecosystems, platform management and multi-actor networks. Consistent with their findings, they define the *objectives* of ecosystems as: "*To provide a product/service*

system, an historically self-organized or managerially designed multilayer social network consists [sic!] *of actors that have different attributes, decision principles, and beliefs*" (Tsujimoto et al. 2018, p. 55). With this definition, the authors highlight that ecosystems provide their participants with the ability to create value and emphasize that ecosystems only exist to allow such value creation. Hence, ecosystem are not the goal but the means by which partners connect. Their shared goal to realize a certain value proposition gives their relationship a direction and the unique modularity of their activities ties them together without formal hierarchy.

2.2 Formation for Value Creation

A central concept in the work of Iansiti and Levine (2004, p. 71) is the "keystone company" which is similar to a central "hub" company as identified by Jacobides, Cennamo and Gawer (2018, p. 2257). Iansiti and Levine call the keystone company the "value dominator" which has the basic strategic objectives to "create value" and "share the value" with all partners in the ecosystem (Iansiti and Levine 2004, p. 74). This is because a company or platform cannot force partners to align. Hence, they need to incentivize their alignment by offering a unique business opportunity and fair share in revenues. It is against this background that Iansiti and Levine hint to two basic formation criterion of all ecosystems. Ecosystems form as they offer a unique way to *create* and *appropriate* value to their participants based on cooperation. Consequently, Ron Adner (2017, p. 40) defines ecosystems as "the alignment structure of the multilateral set of partners that need to interact in order for a focal value proposition to materialize". This definition highlights that a mutual value proposition is the guiding principle for partners to align and a basic condition for ecosystems to form. Yet, Ander purposefully leaves open what alignment structure means. To him "a successful ecosystem is one in which all actors are satisfied with their positions" (Adner 2017, p. 42). Hence, Adner identifies fair value appropriation as the second basic condition for partners to align and ecosystems to form. To him the question about the alignment structure is essentially concerned with the participants' compatibility of activities for the value proposition to materialize (Adner 2017, p. 42). In their literature review Senyo, Liu and Effat screen 101 peer reviewed articles and conference papers researching *digital* business ecosystems published between 2006 and 2017. The authors find

that shared value creation is the key factor mentioned for such ecosystems to form (Senyo, Liu and Effat 2019, p. 53). They also find that value creation in ecosystems is "emergent". This means that the value created in ecosystems is not simply the addition of the value each individual company could create for themselves but higher than this (Senyo, Liu and Effat 2019, p. 53). Ron Adner emphasizes the same finding in his essay. He calls partner relationships in ecosystems "multilateral" meaning that "they are not decomposable to an aggregation bilateral interactions" without losing their meaning (Adner 2017, p. 42). Shipilov and Gawner refer to the same principle, when they take a closer look at the nature of complementarities from the perspective of a single partner. Following this, they come up with the definition of two types complementarities. "Production complementarities", which refers to a simultaneous investment in two partners together that results in either higher return or lower costs. "Consumption complementarities", which refers to the situation when consuming products or services by two partners together leads to higher output than consuming them separately (Shipilov and Gawer 2020, p. 106) Gans and Ryall (2017, p. 19) highlight the same aspect referring to "value networks" in the Apple and Google mobile ecosystems as examples. They argue that value capture for each network participant is about the joint economic activities in the network and their fair share in the added-value created. They point out that this share in the value created is a source of competitive advantage of one value network towards another – drawing on their examples. In this sense, they highlight both aspects: the emergent creation of value in ecosystems as well as the strategic objectives of the central ("keystone") company to enable value creation and fair distribution as explained by Iansiti and Levine. With their remarks, both groups of authors refer to the ability to create and appropriate *additional* value created in ecosystems as a basic principle for them to form as well as a source of competitive advantage between ecosystems. Jacobides, Cennamo and Gawer (2018, p. 2263) point into a similar direction stating that ecosystems exist because they allow complementarities to get *more* value from it. They also describe how this additional value manifests mentioning better (service or product) quality, lower costs, better (service or product) availability, better components for products or services, increasing returns from complementary consumption, greater utility of products or services in general or a product or services coming in to existence at all (Jacobides, Cennamo and Gawer 2018, p. 2265). As their findings show, the differentiation between value created for a participating firm, creator or "user" is blurred. Ecosystems include all participants

in their value proposition and they need to provide added-value for all participants. However, Gans and Ryall put an emphasize on value created for users. Referring to their example of mobile ecosystems, they define the "economic value" of a value network as "end-user value" minus all costs in the value network and refer to the so defined "economic value" as the basis for comparing value networks in principle (Gans and Ryall 2017, p. 19). In his essay Kapoor comes to a definition of ecosystems that also puts a strong emphasize on user value: "*an ecosystem encompasses a set of actors that contribute to the focal offer's user value proposition*" (Kapoor 2018, p. 2). With this in mind, the competitive advantage of an ecosystem is to create more value for users than competing ecosystems. However, it will not sustain or initially form if there is no fair share in the revenue generated from this value proposition for the value creating participants. Kapoor adds that ecosystems are distinct versus other forms of collaboration due to the interdependence of the participants in their activities and technologies and different to networks because all participants align to a focal value proposition (Kapoor 2018, p. 11). Similarly, Shipilov and Gawner (2020, p. 53) identify the aspect of shared value creation as the key factor for digital business ecosystems to form. Participants in ecosystems can only create a value proposition to users because they cooperate and create new, distinct value. Hence, ecosystems create value in an emergent process. With regards to this, Jacobides, Cennamo and Gawer identify modularity as a factor for ecosystems to form meaning that partners' activities must integrate into the process of mutual value creation and offer complementary value in this process for all other partners. For this reason, authors also refer to value-creating participants as "complementors". These "complementors", even though independent and self-contained, align in the ecosystem by some sort of process standards and rules (Jacobides, Cennamo and Gawer 2018, p. 2260). A central company or platform can shape these processes or participants can simply align to a shared value proposition. In any case, as Jacobides, Cennamo and Gawer (2018, p. 2261) characterize ecosystems, participants form "webs of standardized formal or informal alliance" while also aligning customers to their standards due to the fact they can only select from affiliate complementarities to benefit from the value created.

2.3 Platform Ecosystems

Platform ecosystems are a distinct type of ecosystem where a central platform sets alignment standards for the process of joint value creation of complementors and for the same time provides the technology that allows economic exchange between all market participants. Platforms are describe by two streams of literature; in engineering as a technological architecture and economics as markets (Gawer 2014, p. 1240). Hence, one can look at platforms as a technology that enables transactions (Adner 2017, p. 50), because they provide the technology that allows complementors creating services or products on one side and to connect to users or consumers consuming their offerings on the other side. In general, it is a characteristic of platforms that they enable transactions on such multi-sided markets. Rochet and Tirole (2006, p. 645) define multi-sided markets as markets where at least a single platform allows participants to interact while trying to monetize this interaction. It is crucial that in such markets network externalities exists, which means that the number of users affects the value a single user can get from the market (Rochet and Tirole 2006, p. 645). With regards to this, Evans and Schmalensee (2011, p. 5) describe that two-sided or multi-sided platforms exist to solve externality problems and to reduce transactions costs between two market sides that could otherwise not come together. A platform creates a market that could not exists as a direct business between one user and one creator. In this sense, emergent formation processes characterizes platform markets. The number of participants on all sides creates value and is a precondition for the market coming into existence. This is what positive network externalities mean; the number of participants positively relates to the potential value created and a critical mass of participants is required for such markets to form. Evans and Schmalensee describe that platforms solve this "externality problem". They are the focal point that aligns all participants and enable an ecosystem to form around them by enabling transactions with customers that would otherwise not exist. Hence, platforms have a similar objective to manage their ecosystem as firms in a hub position. They both need to grow *both sides* of their markets by creating value for both of them (Adner 2017, p. 50). However, platform play a more fundamental role for their ecosystem as I already described. Consistent with previous findings Senyo, Liu and Effat (2019, p. 53) define *digital business ecosystems* as "a socio-technical environment of individuals, organisations and digital technologies with collaborative and competitive relationships to co-create value through shared digital platforms". In this sense, platforms offer a value proposition

to all value-creating partners in the ecosystem by enabling them to co-create and appropriate value in the first place as they connect to users or customers. Gawer (2017, p. 1240) refers to platforms as "meta-organisations that federate and coordinate constitutive agents who can innovate and compete; (2) create value by generating and harnessing economies of scope in supply or/and in demand; and (3) entail a modular technological architecture composed of a core and a periphery". With her definition, Gawer emphasizes the exceptional position the platform-providing firms have. As meta-organizations, they create a market and define the mechanism by which supply and demand interact. Similar to the keystone company Iansiti and Levine (2004, p. 74) describe, that has the objectives to "create value" and "share the value" with all partners in the ecosystem, platforms create and share value for all sides in providing technical infrastructure to enable exchange. Amit and Zott highlight that a source of value in digital networks is their structure. This leads back to the size and density of the network, as well as the ways how the participants are linked and exchange is enabled, but also the centrality of the position of a participation or its strength of ties to others (Amit and Zott 2001, p. 514). Platform ecosystems are distinct in how the structure of the network is provided. The platform-providing firm offers the technical architecture thus it designs the principles of the exchange processes within the platform ecosystem. From this perspective, the platform itself is not only a focal point in the ecosystem; it is a "meta-organization" as Gawer put it and ubiquitous in all exchange processes. Consequently, the platform-providing firm inherent to all exchange processes has many more possibilities to shape exchange processes than a hub company does. Senyo, Liu and Effat (2019, p. 53) refer to platforms as "tools" that enable partners to interact and cooperate. It is this status of the "tool", which is required to full-fill a certain job at all, where the specific power of platforms derives from. Referring to platforms as "meta-organisations" that govern the ecosystem and set the rules of exchange and value-creation, Gawer highlights that platforms operate on a special level. Participants in the ecosystem might not necessarily recognize to what extend the platform-providing firms are present in their exchange processes within the ecosystem. However, the platform is ubiquitous to all processes. It has written its standards mediating the connection of creators to users in codes and algorithms that operate beneath the surface of the user interface. Due to this, the platform is part of all interactions and has a transcendent position to get comprehensive data insights unparalleled to all actors in the platform ecosystem. This provides the platform-providing firm with exceptional

competitive advantage, as I will discuss in the following chapters. When platforms compete within the ecosystem, they compete on their meta-level. However, the fundamental principles of joint value creation limit their ability to leverage their power over participants in their own platform ecosystem.

2.4 Competition and Strategic Alignment

When it comes to competition in the context of ecosystem, it is crucial to highlight that it appears on two levels: *within and between ecosystems*. However, these two aspects connect to each other like a Borromean knot. When Adner (2017, p. 42) points out that "a successful ecosystem is one in which all actors are satisfied with their positions", he refers to this fact. Ecosystems are only stable and not falling apart, it they benefit their participants sustainably, enabling them to create superior value for themselves in a joint process that increases the overall value created for users or overall economic value (Gans and Ryall 2017; 18). The resulting economic value that creators and users appropriate is a source of advantage between competing ecosystems or platforms but also central for strategic alignment of all participants. Zott, Amit and Massa (2011, p. 1031) find two broad streams of literature on business ecosystems and strategy: The first one focusing on the creation of value and competition of complementors, the other one focusing on the value proposition to customers. In this chapter, I follow Zott, Amit and Massa's findings to structure the literature. Similar to my description of the interdependence of mechanisms that foster competition between and within ecosystems as Borromean knots, strategy and competition can only be understood looking at both sides of the coin: the structural factors that allow complementors to align and jointly create value in ecosystems and the factors by which ecosystems as a unified whole maximize value for customers and compete for users. Due to the fact that this thesis is concerned with ecosystems in the music business in the streaming age, literature on value creation in e-business in general plays a role in this chapter as well. I also refer ecosystems as business models arising from data management and collection at the end of this chapter.

2.4.1 Strategy as Managing Structures for Joint Value Creation

Jacobides, Cennamo and Gawer (2018, p. 2263) show that ecosystems exist explicitly because they allow complementors to get *more* value from them and add that participants only care for the ecosystem to survive as its decline would harm their demand. Consequently, a critical structural question for ecosystems to sustain is how they distribute money amongst their participants. This also implies that fair participation in the mutual value created is a source of competitive advantage for an ecosystem versus another. However, this mechanism depends on the degree of mutual dependents of the participants in the complementary process of value creation as well. The easier others can replace participants – the more "fungible" they are – the less loyal they will be to the ecosystem (Jacobides, Cennamo and Gawer 2018, p. 2264). This mechanism on the contrary leads to a situation in which it is harder for the ecosystem to recruit new participants as they want to retain flexible and are afraid of being locked-in (Jacobides, Cennamo and Gawer 2018, p. 2266). Hence, Jacobides, Cennamo and Gawer (2018, p. 2266) conclude that the key aspects of ecosystem governance are to recruit, motivate and retain participants and they stress that this requires a look at the competitive context across ecosystems. Considering an ecosystem evolving around a hub company or a platform, the focal firm is concerned with the governance of the ecosystem. Here Iansiti and Levine's theory of the keystone company as the "value dominator" and basic strategic objectives to "create value" and "share the value" with all partners shines through (Iansiti and Levine 2004, p. 74). However, how to identify all partners and their fair share in value? Iansiti and Levine (2004, p. 71) admit that it is not possible to determine exactly where ecosystems end and suggest a rather practical approach to governance in finding and focusing on partners that are most relevant and share the most connections with each other. Adner (2017, p. 41) refers to such an approach describing strategic alignment and competition in ecosystems by focusing on connections of participants to a focal company as "ecosystem-as-affiliation". This stream of literature is concerned with the "number of partners, network density, and actors' centrality" to describe strategy in ecosystem defining the key objectives of the focal company accordingly as "increasing the number of actors that link to a focal actor or platform, increasing its centrality and expected power" (Adner 2017, p. 41). Literature in this context borrows their concepts to describe strategy and competition in ecosystem from network theory. Shipilov and Gawer

describe three fundamental structures in digital ecosystems accordingly. In an integrated structure all partners are mutually connected with each other (the "periphery connects directly"), in a "hub and spoke"-structure partners are connect only indirectly through a central partner and in a "bottleneck"-structure two clusters of partners are only connected through one partner with a "bringing function" (Shipilov and Gawer 2020, p. 108 to 111). The concept of "density" as mentioned by Amit and Zott derives from network theory as well and measures the total number of connections in a network. In case of a high number, many partners connect directly, which can hint to an integrated structure. By contrast, "centrality" points to the position of an individual participant in the network and how many actors only connect through this participant. Connections are "strong", when there is a particular close and vivid exchange between partners. Grounded on these basic concepts; Shipilov and Gawer (2020, p. 108) develop their concept of a complementary matrix or value creation matrix to analyze alignment structures in ecosystems. The matrix allows analyzing connections between participants in the ecosystem by simply rating their strength. Each dimension of the matrixes lists the partners in the ecosystem, hence their mutual interactions can be systematically analyzed, bottlenecks or hubs identified and the overall centrality or strength of relationships described. Jacobides, Cennamo and Gawer (2018, p. 2266) add a second dimension by putting an emphasis on the *direction* of exchange between partners. According to them, the number of bi-directional relationships fosters ecosystem stability. The authors refer to bi-directional structures as super modular structures and describe their working principle as follows: 1) higher output of partner A reduces costs of partner B, 2) the intensity of the involvement of partner A either reduces the costs of partner B or increases its quality, 3) a higher production of partner A increases the efficiency of partner B (Jacobides, Cennamo and Gawer 2018, p. 2266). Shipilov and Gawer (2020, p. 114) have developed a more sophisticated theory by comparing the "structural embeddedness and component complementarity patterns" of a focal company that aligns partners in a network alliance on the one side but is active in an ecosystem on the other side. Following this approach, the authors explore how the structure of the ecosystem the focal firm is active in interacts with the structure of its alliance network and describe in what particular way partners benefit from innovation in the resulting basic structural settings. They describe four basic structural settings in a matrix. One dimension shows to the structure of the ecosystem. It is either organized by a hub and spoke structure (for example a platform ecosystem) or

integrated structure (mutual connected partners). The second dimension shows the organization structure of the alliance network according to the same two basic settings – an "open" hub and spoke alliance or "closed" integrated alliance (Shipilov and Gawer 2020, p. 114). Shipilov and Gawer show that innovation in the context of a hub and spoke alliance network interacting with either form of ecosystem will always benefit the focal company, whereas by contrast innovation in the context of closed integrated alliances networks interacting with either form of ecosystem will benefit all partners.

As said before, Adner refers to theories describing ecosystem strategy as managing the connections to partners as "ecosystem-as-affiliation". He proposes an alternative approach that analyses the compatibility of activities for the value proposition to materialize (Adner 2017, p. 42). He refers to this approach as "ecosystem-as-structure" according to which he classifies partners based on their actions to create value, the amount of activities they perform, their position in the net of activities and what they transfer to other actors (Adner 2017, p. 43 to 44). According to Adner (2017, p. 47), a focal firm aligns partners by creating conditions that allow them to close gabs in their value creation processes and help them to solve pains and satisfy their needs. Next to this, he analyses that a focal firm provides guidance and coordinates participants in their joint moves towards a common goal by providing mechanisms to reduce activity based risks – for example co-innovation risk – or resource adaption risks (Adner 2017, p. 47). Hence, Adner describes ecosystem strategy as actions by a focal company to overcome coordination challenges between complementors in a process to create a joint value proposition to customers. Consequently, he highlights that the "key strategic priority of platforms" is growing both sides of their market (Adner 2017, p. 47). It is interesting that all the theories presented in this paragraph share the idea that strategic management of ecosystem goes back to "the way in which a focal firm approaches the alignment of partners and secures its role in a competitive ecosystem" (Adner 2017, p. 47). All the theories assume that partners align on a joint value proposition, but they do not examine how this value proposition comes about. None of the authors has explored the interplay of the mechanisms that align partners towards joint value creation with demand-side mechanisms referring to the consumption of this value by users or customers. To understand strategy and competition in or between ecosystems it is relevant to consider unique mechanisms in the value proposition of ecosystems to all participants, which includes customers or users as well.

2.4.2 Strategy as Managing a Joint Value Proposition to Customers

Gans and Ryall (2017, p. 19) highlight that value creation for partners in ecosystems depends on the overall value-created for users. They examine that ecosystems cannot ensure that participants remain due to managing revenue distribution mechanisms only but by enabling participants to capture value from joint economic activities that exceeds the value they could create with other ecosystems (Gans and Ryall 2017, p. 19). In other words, ecosystems must enable partners to jointly create more value than in other ecosystems to incentives them to remain. Next to this, Gans and Ryall (2017, p. 19) stress the point that competition within an ecosystem can maximize the participants' value, because competition increases the value to users in promoting a higher variety of content, which is a growth factor for ecosystems. They introduce the term "economic value" as the total value the ecosystem as a whole offers to its users minus all costs in the ecosystem to create this value Gans and Ryall 2017, p. 18). The ecosystem providing the highest economic value has a competitive advantage towards users and its complementors a high incentive to remain (Gans and Ryall 2017, p. 18). Hence, the crucial question is what value drivers there are for customers. Panico and Cennamo (2020, p. 1 to 2) find that managing demand side economies of scale is a key success factor in platform competition, because its demand side economies of scale incentivize complementary partners to create innovation and higher quality inputs – depending on user preference. They refer to the concept of network effects but link it to a quality aspect of services or products offered. Eisenmann, Parker and Van Alstyne describe network effects as a basic principle of value creation in platform ecosystems. The number of participants on one side of the platform (e.g. demand side) increases the value for participants on the other side and vice versa (Eisenmann, Parker and Van Alstyne 2011, p. 1274). This is a positive network effect. To illustrate, imagine the network effects on a music-stream platform: More content on makes the platform more attractive for users to subscribe and the more users subscribe the more relevant it becomes for music creators to share more content and so on. Hence, network effects are a chicken and egg problem for platforms in their strategy to grow and compete. This mechanism leads to a winner takes it all situation in the end observed by many studies on platform competition (Cennamo and Santalo 2013, p. 1331). However, Panico and Cennamo add to the purely quantitative concept considering the quality and innovativeness of the offerings as a strategic factor for

growth and as well. According to them, strategies to grow the platform will not only result in a higher quantity of services or products shared on the platform but also affect the quality of the offering. The authors observe two basic principles how content quality and growth patterns interact. Their first observation implies that creators tend to lower prices of their complements as long as the platform grows in equilibrium, however when simultaneously the strength of network effects increases, which means that quality factors foster growth, creators are more likely to invest in innovation (Panico and Cennamo 2020, p. 10). According to their second observation, platforms that manage to grow their attractiveness over-proportional versus the overall ecosystem can leverage their power, raise prices towards customers and decrease the share for creators (Panico and Cennamo 2020, p. 10). In this sense, user preferences plays a crucial role for competitive strategies of platforms to grown. With regards to their findings, Panico and Cennamo describe two basic settings to differentiate the growth strategy of platform ecosystems. On the one hand, platforms could select a strategy to target users caring for quality and strive to become a smaller yet more innovative platform ecosystem. On the other hand, platforms try to focus on the mass market and more price sensitive users and follow an aggressive growth strategy based on content variety and quantity (Panico and Cennamo 2020, p. 21). Hence, targeting the right customer segment can play a crucial role in the platforms overall growth and competitive strategy. Next to this, the platforms' objectives in terms of pricing and growth must match their complementarities objectives in terms of quality and innovation. However, general user preference patters within a certain market play a dominant role to determine the strategy in the beginning, as there might be segments in which quality factors play a role and other where the opposite is true. Panico and Cennamo (2020, p. 20) identify such markets and show that – up to certain extend – in gaming, news or smartphones markets, the innovativeness and quality of the offerings play a more important role than for platforms' attractiveness to users than the quantity of the offering on the platforms. The authors highlight that there are different strategies to compete for platform ecosystems in general that exceed competing by a simple winner takes it all logic referring to the quantity of content offered. By contrast, a basic principle to follow a quality focused growth strategy is to secure exclusive content. Cennamo and Santalo investigate these two basic strategic options more closely in analyzing competitive strategies of US gaming platform ecosystems. They find that gaming platforms commonly integrate both basic competitive strategy patters as described by

Panico and Cennamo into a single growth strategy: Achieving market dominance by increasing the quantity of the offering while simultaneously securing exclusive content (Cennamo and Santalo 2013, p. 1331). Furthermore, the authors show that combining both patterns into one strategy reduces both their effects and the platforms' performance accordingly (Cennamo and Santalo 2013, p. 1331). They demonstrate that a clear position along the two dimensions improves a platforms competitive performance, however they acknowledge that their findings are not universal but only referring to their research object – US gaming platforms (Cennamo and Santalo 2013, p. 1331). The authors explain the disadvantage of combining the strategies as deriving from conflicting incentives to and incompatible activities with complementors (Cennamo and Santalo 2013, p. 1344). Even though the combination of the two factors adds to user value, it creates a "hostile market environment for game producers, undermining their incentives to innovate and provide higher quality games" (Cennamo and Santalo 2013, p. 1345). In addition to this, the authors find three general factors that reduce the value of intermediate strategies: on the one side, exclusives force complementors to a trade-off, intermediate strategies are easier to copy and add organizational complexity (Cennamo and Santalo 2013, p. 1335). For the same time, the authors observe a general dilemma in balancing between the two basic strategic patters to differentiate the platforms based on quality or quantity of the offering. They find that a strategy striving for differentiation based on the quantity of offerings might not be sufficiently competitive. For the same they find that a specialist platforms must integrate generalist content to a certain extent as well, because users tend to choose generalist platforms when switch costs occur (Cennamo and Santalo 2013, p. 1345). In this sense, switch costs add to a more complex picture, however the authors never refer to pricing or additional services as a factor to differentiate the platform. Gawer and Cusumano present a set of competitive actions aimed at improving user utility of platforms to become what they call the "platform leader". They say that user utility can be increased working on the following aspects: switch costs, pricing, unique features hard to copy, integrated add-ons from third parties, bundles with or absorption of features from an related markets (Gawer and Cusumano 2008, p. 32). Eisenmann, Parker and Van Alstyne (2011, p. 1275) also observe three factors affecting user utility of platforms: price, platform services and switch costs. They observe that platforms can win users when they are cheaper or functionally different (Eisenmann, Parker and Van Alstyne 2011, p. 1281) and use switch costs to build entry barriers for competitors (Eisenmann, Parker and Van

Alstyne 2011, p. 1271). Adding to these three factors, Amit and Zott (2001, p. 504) identify four sources of value creation for customers and strategic choice in *e-business* in general. The authors add to a more complex understanding and subsume the whole concept of network effects and switch costs under one aspects of customer value of e-business only. They refer to this aspect as *lock-in* (switch costs and network effects), but also identify *efficiency* (search costs reduction, access to information and speed of access), *novelty* (new transaction structures), as well as *complementarities* (of products and services, on- and offline services and products) as key customer value drivers (Amit and Zott 2001, p. 504). Even though the authors categorize value drivers according to their research question in the specific way mentioned; efficiency, novelty and complementarities could be described as additional services of a platform. Thus, platforms can differentiate their competitive positioning not only by managing network and lock-in effects that are concerned with the quality and quantity of offerings but also by a variety of additional actions. Adding unique complementaries to broaden the offering and integrating additional services to access new fields of value creation can all be a source of competitive advantage. Integrating with other platform ecosystems is another way to compete as Gawer and Cusumano suggest (2008, p. 32) – for example, when a content platform integrates with a hardware platform. Moreover, platforms can gain competitive advantage by fostering novel ways of interaction between participants from both sides of the market. They can further work on their competitive positioning by providing a superior user experience that reduces search costs (matching algorithms) and offer unique, additional information to both sides of the market. Pricing is also a factor for a competitive strategy. In the following chapter, I will take a closer look at the role of data for ecosystem strategy.

2.4.3 Ecosystem Strategy as Generating Business Models from Data

In digital business controlling data or having access to multiple sources of data as the sole entity, can be a source of sustainable competitive advantage. Thinking of the obliquus position a platform has based on the fact that it provides the technical standard underlying all transactions in the ecosystem, the platform firm can access, control and aggregate data over all participants and individual relationships. Platforms are in a unique position to leverage their access to data for gaining competitive advantage both within the ecosystem and in competition with other

ecosystems. Subramaniam (2020, p. 1) puts data collection and aggregation at the center of his theory and describes digital ecosystems as ways to create businesses by aggregating data from multiple sources in novel ways. He differentiates between consumption and production ecosystems. Whereas consumption ecosystems allow to utilize data that is collected from users consuming multiple products or services with different partners, production ecosystems collect data in value-chains to optimize and adjust their value creating processes – for example when mechanical companies offer smart machines (Subramaniam 2020, p. 1). According to Subramaniam, such data-based ecosystems allow three basic strategies to achieve competitive advantage. The first strategy is working on the "scope of value creation". In this context, data enables production ecosystems to stream-line their value chain and offer smart services and consumption ecosystems to offer new, value-adding services based to their insights (Subramaniam 2020, p. 6). The second strategy is concerned with the "scope of competition". New, unique data insights allow new competitors to enter a market (Subramaniam 2020, p. 7). For example, online retail platforms collecting payment data from their users can access the banking market based on their insights (Subramaniam 2020, p. 7). The third strategy is to achieve competitive advantage in the data-based ecosystems as "digital monopoly power" (Subramaniam 2020, p. 8). In this setting, access to data itself is the ultimate source of competitive advantage. Transferring Subramaniam's insights to a platform ecosystem context, the platform-providing company has competitive advantage in what he describes the "scope of a value creation" because it gets data from all transactions due to its ubiquitous position as the focal point in the ecosystem. The comprehensive insights the platform generates allow complementors – the "production ecosystem" as Subramaniam calls it – to align their value-adding services much better to the "consumption ecosystem". Hence, it is highly relevant for the platform to share insights with its complementors to increase the overall "economic value" and hence "user value" competing with other platforms (Gans and Ryall 2017, p. 19). This concept integrates nicely with Adners analysis of the hub company's core responsibility to align partners for a "focal value proposition to materialize" (Adner 2017, p. 43) or Iansiti and Levine's central job for the "keystone" company to enable value creation. With respect to all these findings, it is imperative for the platform to share insights with its complementors to align and retain them as well as to find new partners and to create a better overall value for users – hence also strengthening network effects. More than this, Platforms can also benefit directly

from the "consumption ecosystem" and integrate additional services. This refers to competitive advantage as described with reference to Amit and Zott (2001, p. 504) as well as Eisenmann, Parker and Van Alstyne (2011, p. 1275). The additional services the platform generates benefit its complementors but can also open up additional fields of business for the platform firm, hence increase the "scope of competition". A simple form would be on-boarding another category of partners, for example advertising partners to a music streaming platform, selling data or integrating into a different ecosystem – for example software ecosystems integrating in hardware business. The third source of competitive advantage "digital monopoly power" is a more delicate category in a platform ecosystem. All aspects that allow a platform ecosystem to utilize competitive advantage based on the "scope of value creation" and all aspects described in all previous chapters on how ecosystems create value forbid the platform to play out a dominant strategy when playing trying to leverage "digital monopoly power". The nature of the process of value creation and alignment calls for platforms to be cooperative with their partners. Hence, monopoly strategies must be more subtle and might even harm the overall economic value of the ecosystem per se. However, due to its ubiquitous position a platform firm always has a data monopoly data versus all partners *within* an ecosystem. The platform firm is the only entity that can aggregate and collect data from all transactions in the ecosystem and it might be tempted to leverage this position, charge for data insights or to find ways to get additional rent from it and lower its complementors share in revenues.

Nevertheless, trying to achieve a central position is of relevance for all partners in a data ecosystem as such a position allows to aggregate data in a unique way. Subramaniam (2020, p. 1) generally describes how a central firm utilizes its unique ability to bridge between partners or clusters of partners. Hence, monopoly power arises from being the only firm that manages to bridge between different partners or clusters of partners and a general bottleneck. Studying how firms strategically navigate the ecosystem in the US solar panel industry over a longer period – an ecosystem focused on a value proposition, not a hub company or platform – Douglas and Eisenhardt (2018, p. 3190 to 3191) find that owning bottlenecks was a winning strategy. The authors generally describe that strategy was all about occupying complementors relevant for the ecosystem in general and balancing between competition and cooperation (Douglas and Eisenhardt 2018, p. 3187). With this in mind, the winning strategy was for a firm to always own bottlenecks – companies producing a scares product for the whole ecosystem – (Douglas and

Eisenhardt 2018, p. 3190 to 3191) and hence striving for a central, bridging position. As described in the paragraph on platforms, they always hold unique central positions from which unique strategic action patterns and obligations arise. What seems clear in a data-based business ecosystem however is that firms may seek to own data bottlenecks to achieve competitive advantage.

2.4.4 Innovation in Ecosystems

There are several perspectives in literature that investigate innovation in the context of ecosystems. The first perspective sees innovation as the outcome of tasks and processes (services or products) within ecosystems (Adner 2006, Parker and Van Alstyne 2018) or at its periphery (Adner and Kapoor 2010). The second view describes how external technological innovation affects ecosystems as a whole (Massa, Tucci and Afuah 2018, p. 95). Massa, Tucci and Afuah describe the latter as a stream of literature that categorizes technical innovation by its impact on the actors within ecosystems and their processes of value creation and capture processes (Massa, Tucci and Afuah 2017, p. 95). For example, the impact of streaming as a technology on the music labels in general. De Vasconcelos Gomes et al. (2018, p. 30) look into the genesis of the concept of the "innovation ecosystem" and find that innovation is discussed in many contexts of literature on ecosystems, for example digital innovation ecosystems, hub ecosystems, open-innovation or platform ecosystems. They find that literature explicitly describing "innovation ecosystems" refers to value creation processes on average, whereas by contrast literature on "business ecosystems" is concerned with value capture (De Vasconcelos Gomes et al. 2018, p. 30). The findings of De Vasconcelos Gomes et al. are consistent with Adner's definition of innovation ecosystems as "collaborative arrangements through which firms combine their individual offerings into a coherent customer-facing solution" (Adner 2006, p. 98). For Adner innovation strategies in ecosystems are about the alignment of participants towards a focal project by reducing associated risks, such as "integration risks" (to ensure all partners adopt), "initiative risks" (all partners work towards one goal), "interdependence risks" (coordination of complementors) (Adner 2006, p. 101). In this sense, there are no differences to alignment strategies for value creation in ecosystems as described before. Parker and Van Alstyne (2018, p. 3015) describe that *open* platform business models

offer economic advantages as they allow firms to align external *innovation* process to a focal company's own goals. The authors find that open platforms for programmers are common in "information-intensive" industries such as providers of search engines, operating systems or video games platforms (Parker and Van Alstyne 2018, p. 3015) and describe that such platforms allow the platform-providing firm the "appropriation and redistribution of third-party technology, recipes, designs, blueprints […]" (Parker and Van Alstyne 2018, p. 3031). The authors highlight that a fair share in the intellectual property created and a more structure providing more abilities to build upon existing developments incentivise more *innovation* (Parker and Van Alstyne 2018, p. 3015). Consequently, Parker and Van Alstyne describe benefits of joint value creation and refer to the key strategic objectives of the "keystone company" to "create value" and "share value" together with all partners in the ecosystem (Iansiti and Levine 2004, p. 74). In the end, it is logical that literature on innovation in ecosystems cannot propose an entirely different concept of ecosystems and their characteristic processes of joint value creation and appropriation. As in managing other objectives in ecosystems, strategy is concerned with the alignment of partners due to the nature of processes in ecosystem. All falls back to a definition of the concepts of *innovation* in the first place. This, however, is an entirely different stream of literature. For this thesis, I will not dive deeper into this aspect and consider innovation a special outcome of the characteristic processes of value creation or a factor that can occur on all levels where participants create or appropriate value in the ecosystem in general.

3 Method and Research Context

3.1 Method

I choose to analyze earnings calls and investor conference transcripts to find out about how top managers in the ecosystem of the recorded music industry manage and view their business partner relationships. More precisely, I examine all three major labels (Universal Music Group, Sony Music Entertainment, Warner Music Group) as well as the leading audio streaming platform Spotify and leading video streaming platform YouTube. I compare the statements of managers of streaming services to those of label managers about partners in earnings calls

transcripts to find out what partners the managers describe as complementors to create value on the one side and customers of the value proposition on the other side. Secondly, I want to find out if labels and platforms mention different partners and how they strategically manage their partners. Thirdly, I examine if and in what way the statements of the top managers can be integrated into ecosystem theory and what learnings can be taken from these practical insights into ecosystem theory. Comparing the statements of managers of both company types allows exposing differences in the composition and types of the partner relationships of both company types. Hence, it is possible to identify how integrated the overall ecosystem structure is and if and to what extend clusters of partners exists to which either labels or the platforms hold a central bridging position. Earnings calls transcripts represent reliable, publically accessible sources to get first hand statements of top managers on real strategic topics immediately and transparently. They are a unique source of insights on strategic thoughts by top managers in terms of quality and quantity. In spite of media interviews, there is no PR bias in these statements. In earnings calls, top managers need to address critical topics relevant to informed investors and are forced to take a position on some critical issues, at least to a certain extend. In the context of this thesis, it would not be possible to get access to either one of these managers for in-person interviews. Looking into earnings calls transcripts allows comparing managers' views on the subject matter, as multiple statements on the same topic can be compared. The relatively high quantity of accessible data, might compensate partially for the downside of the approach, which is the lack of the possibility to deep dive into one topic in an expert interview.

3.1.1 Data Sample

I analyze transcripts of quarterly earnings calls of companies or their parent companies, which participate in the ecosystem of the recorded music business from 2016 to 2019. I complemented these documents with publically available transcripts of conference meetings and calls of these companies with large institutional investors such as Morgan Stanley or Goldman Sachs from the same period. I retrieved all data from the Factiva database. The data sample includes 90 documents in total and is composed of the following transcripts:

- Spotify S.A.: transcripts of all nine earnings calls since the company went public in 2018 (Q1 / 2018 until Q1 /2020). In addition there are six transcripts of conferences with large investors included resulting in 15 documents in total.

- Alphabet Inc. (YouTube): transcripts of 13 earnings calls from Q4 / 2016 to Q1 / 2020 (Q2 / 2017 is missing). In addition there transcripts of nine conferences with large investors as well as one annual shareholder meeting (2018) included. This results in 23 documents in total.

- Vivendi S.A. (Universal Music Group): transcripts of 13 earning calls from Q2 / 2016 to Q4 / 2019 (Q2 / 2018, Q 1 / 2019 and Q2 / 2019 are missing). Next to this, there are transcripts of the annual shareholder meetings in 2019 and 2020 as well as from the corporate sales call Q3 / 2019 included. This is adding up to 17 documents in total.

- Sony Corporation (Sony Music Entertainment): transcripts of 16 earnings calls between Q1 / 2016 and Q 4 / 2019. Due to the fact that Sony's business year starts in March, Q4 of the company's fiscal year is actually Q1 of the corresponding calendar year. Transcripts of earnings calls from the periods Q2 / 2018 to Q1 / 2019 are missing. Next to this, the transcript of a conference with Goldman Sachs as well as five transcripts of annual „Investor Relations Days" (2017 to 2019) or „Corporate Strategy Meeting" (2017 and 2018) are included. This is adding up to 21 documents in total.

- Warner Music Group: transcripts of 15 earnings calls from Q3 / 2016 to Q4 / 2019. Due to the fact that Warner Music Group's fiscal year ends in September, Q1 of the fiscal company's fiscal year is Q4 of the corresponding calendar year. No additional transcripts could be found for Warner. Therefore, 15 documents in total were included by Warner Music Group.

3.1.2 Coding Principle and Data Selection

To analyze the documents, I used the text analytics software MAXQDA 2020. As a first step, I used the software to automatically code all sentences in which the words "ecosystem" or "ecosystems" appear. This resulted in 133 marked sentences. As a next step, I manually changed the length of the segments coded depending on the actual length of the content / the statements made. As a result, the total number of marked segments decreased to 131, because

some words appeared twice within the same, longer statement. As ecosystem theory describes a specific kind of business relationship to partners and mutual value creation, I intend to look for all contexts in which company representatives address partner relationships. Based on the insights from going through all statements around the word ecosystem(s) in the transcripts, I created a list of words that referred to commonly mentioned partner entities in these statements, added words that might be used as synonyms for "ecosystem" and set up a so-called dictionary with these words in MAXQDA. This dictionary includes the words: *artists, creatives, community, platform, network, partner(s)* and *environment*. There are 2,686 segments in the documents in which either one of these keywords appears. Considering the fact that except for Spotify S.A. and WMG all other companies consist of a variety of distinct business units and given the fact that I am only interested in statements in a music business related context, it is possible to reduce the relevant segments by applying a Boolean search logic. Due to the fact that MAXQDA does not integrate such a search function, I set up a second "dictionary" to include all company names or abbreviations that refer to the music related business units of the companies: 1) *UMG* 2) *Universal Music* 3) *SME* 4) *Sony Music* 4) *YouTube* 5) *Warner Music* 6) *WMG* 7) *Spotify*. There are 2,231 segments existing in which at least one of these keywords appears. The "Complex Coding Query" function in MAXQDA allows searching the documents according to a Boolean principle. I used it to have MAXQDA search for segments in which at least one of the keywords from "dictionary" 1 appears within the same paragraph as at least one of the keywords from "dictionary" 2. This search query resulted in around 370 additionally marked segments. I applied the same systematic process as when reading through all statements marked for the keyword "ecosystem". Hence, I adapted the length of each segment to the meaning of the actual statement made. On top of this, I manually marked segments in the documents of Warner Music Group and Spotify S.A. where keywords from the dictionary of partner related keywords appeared independently considering that both companies operate as independent companies and therefore do not need to introduce the business unit separately. Due to the fact that some automatically marked segments were so closely related that they belong to the same statement / context I could manually combine the into one statement. This explains why the overall number of coded segments only increased to 371 documents after going through all of the statements and manually adding coded segments for Warner Music Group and Spotify S.A. In the next step, I combined all coded statements from the first search query for

"ecosystems" and the "Boolean" search query for the combined dictionary. I marked 34 redundant statements in the total list 502 statements resulting from the combination, as they appeared twice, both list of statements coded "ecosystem" as well as in the list of the keyword combination from the "Boolean" search. I also split some statements due to their dense content. Hence, the total number of statements increased to 506. In the next step, I marked statements that were not music related or generic. The tag "not music-related" identifies coded segments in which the keywords appear in a non-music related statement – for example the term "ecosystem" in a statement about Sony Interactive Entertainment. Per definition of the research topic, these statements are not of interest. On top of this, I identified and tagged "generic" statements with no partner related meaning at all. For example, when the CEO of Sony Music presents an earnings overview and states that revenues are up with all streaming platforms, including Spotify. *I consider all statements as generic that are not describing a partner related action and / or describe an action by the company for or with a partner!* This logic also shows in the coding of the statements I subsequently explain. According to this logic, I exclude all statements just referring to the general status of a partner relationship; for example, when a manager expresses that the relationship to a partner is good. As ecosystem theory draws on a specific *kind* of relationship to (business) partners and distinct processes / actions of mutual value creation and goals, only statements in which speakers include a qualitative notion on the character of a relationship, on goals and actions in the context of describing a partner, allow to compare them to theory. This means that I treat all statements of such kind equally and do not differentiate between statements explicitly including the term "ecosystem" or not. This logic of data selection makes a strong theoretical implication I want to highlight: It implies that the data does not allow drawing conclusions on the explicit application of the term ecosystem within the companies from the sample. By contrast, the data sample sheds light on how the companies from the sample describe partner relationships and how they see specific partners and their actions in the light of their own actions and goals. Only in a second step, the insights gained from the analysis can be compared to remarks of ecosystem theory on partner relationships. The strength of this approach is to shed light on implicit contexts that the speakers themselves might not even be aware of. The accepted downside of the approach is to not find out about the explicit usage of the "ecosystem" in the top management of the companies included. However, the data sample allows for such an analysis in the future. Sorting out all "generic" statements

as well as the redundant double coded segments 232 relevant statements remain. Considering that three out of five companies are conglomerates with several non-music related business units and taking into account that earnings calls might contain at least one "generic" statements about revenue developments it is not surprising that 274 coded segments are not relevant. 98 of the remaining statements are by Spotify managers, 38 by Alphabet managers, 38 by Sony Managers, 30 by Vivendi managers, 28 by Warner managers. 52 of the statements originally identified search for "ecosystem(s)" remain in the sample. For the same time I went through all marked statements to identify redundant or generic statements, I systematically categorize the content / meaning of every coded segment in the comment section of MAXQDA according to the same basic structure. Each category in the comment section is separated with a comma to allow an export to Excel after finishing the process of commenting. The structure of the comments is as follows: 1) speaker (name and title / function), 2) page number (in original document), 3) partner to mainly benefit from action, 4) goals of this partner action, 5) type of relationship described (either complementary or competitive), 6) the company's own action, 7) additional remarks. After having added comments to all coded statements, I exported all 506 segments from MAXQDA to Excel. I split the comments as comma-separated value into separate columns and went through each statement again to add codes that are more detailed. First, I added three columns per statement to categorize the companies own actions and goals mentioned in the statements. I derived the categories while going through the statements in the first round in MAXQDA. The 16 categories are: 1) grow the industry together, 2) monetization of content, 3) offer additional value-added services to partners providing content, 4) create and / or share advanced data insights, 5) connect artists / creators and fans better, 6) mergers, acquisitions or joint ventures, 7) leverage power over partner and aim for control, 8) maximize content owned or distributed, 9) expand partnerships, add partners and integrate with other platforms, 10) actions to achieve competitive advantage as a platform, 11) create better user experience or fans services, 12) provide better services for advertising partners, 13) deal with legal issues concerning content, 14) diversification, 15) global expansion, 16) deal with competition within platform ecosystem. I later transferred all 16 categories in a matrix at the end of the file. Next to adding these categories, I also coded the partners referred to in each statements in more detail. Hence, I added three additional columns to list all partners involved and one column to list the names of companies referred to in the statement. The final Excel file

including all coded and categorized statements comprises of the following 27 columns: source reference, company category (label or streaming service), company, document name (original transcripts), code ("ecosystem" or the "Boolean style" match), segment (original statement form document), segment speaker (name + title), page (in original document), partner involved 1, partner involved 2, partner involved 3, all partner names, partner to benefit from action, goals of partner action, type of relationship to partner, company's own action (sum up), additional remarks, relevance (marking generic or non-relevant statements and also highlighting statements to quote), action code 1, action code 2, action code 3 (all three to code the company's action according to the 16 categories), all16 categories as 0 / 1 matrix.

3.2 Research Context

3.2.1 Overview on the Music Industry in Numbers

According to the International Federation of the Phonographic Industry (IFPI) global annual revenues by music labels in the market for recorded music were up 9.7% to 19.1 billion US Dollars in 2018 (IFPI 2019, p. 13). Revenue sources are sales of physical sound carriers (25%), fee from subscription audio streams (37%) and ad-supported audio streams (10%), sales of downloads (12%), royalties from performance rights (14%) and synchronization fees (2%) (IFPI 2019, p. 13). Revenue from fees from ad-supported and subscription audio streams together account for 47% of the overall revenue and were the biggest stream of income for the recorded music industry in 2018 (IFPI 2019, p. 13). Income from streaming is also the biggest contributor to the overall revenue increase from 2017 to 2018. Whereas physical revenue declined by 10.1%, revenue from audio streams increased by 34% (IFPI 2019, p. 15). In this sense, there is an ongoing shift in the distribution of revenue over revenue sources towards streaming. This shift also results in a shift of revenue distribution through countries. In 2018 the overall largest markets for recorded by revenue were the USA, Japan, UK, Germany, France, South Korea, China, Australia, Canada, Brazil (IFPI 2019, p. 13). As stated by IFPI, Asia and Australasia have moved up to become the second largest market for recorded music globally, with market growth fueled by income from payed audio streams up 29.5% IFPI Global Music Report 2019, p. 16). The same is true for Latin America with the highest total market

growth of 16.8% also fueled by streaming up 39.3% in revenue over-compensating for the loss in the physical market segment (IFPI 2019, p. 16). By the contrary, revenues in Europe just grew 0.1% due to 19.4% decline in the physical segment, not to be compensated by 29.2% raise in streaming income (IFPI 2019, p. 17). The North American market grew by 14% in total due to 37% higher income from streaming (IFPI 2019, p. 17). These numbers indicate a wider distribution of revenues over more countries and show that overall market growth is driven by a globalization of revenues not coming from the traditionally biggest markets for recorded music in Europe and North America. Farces Moore, Chief Executive of IFPI, states in the report that China and South Korea fuel global growth and that she detects the Middle East and North Africa as newly markets (IFPI 2019, p. 7). Streaming platforms provide access to these markets for the first time building up on mobile infrastructure (IFPI 2019, p. 19). Hence, they are a catalyst of change in two ways: By providing labels in established markets with a new dynamic value appropriation and logic of reaching their audience, but also by expanding their market globally. Audio streaming platforms are a rather young technology. Spotify was founded in 2006 in Sweden and is the leading audio streaming platform. By the end of 2019, the company was active in 79 countries (AR1, p. 22) and had 286 Mio monthly active users and 130 Mio subscriber in the first quarter of 2020 (SP9, p. 3). With 6,764 Mio. EUR of revenue in the fiscal year 2020 (AR1, p. 5) Spotify alone has a turnover worth about 1/3 of the total global revenue of all music labels combined (19.1 Billion Dollars). Spotify offers a paid subscription tier for about 9,99 EUR per month depending on the country of residence and an ad-supported free tier. YouTube was founded in 2005 in the USA and is a leading video streaming platform. Google LLC acquired the company in 2006. YouTube has closed comprehensive licensing agreements with all major music labels. YouTube's core business is a free, ad-supported video platform. In the fiscal year 2019, YouTube had a turnover of 15,149 Mio US Dollars in ad revenue (AR 2, p. 53). On top of this, YouTube offers ad-free payed subscription plans in its YouTube Premium tier and a paid-subscription audio streaming service called YouTube Music. By the end of 2019, both services taken together had 20 Mio. paid subscribers (Y14, p. 3). The market of recorded music is highly concentrated with three major labels having more than 75% market share measured at global revenue. The biggest major label measured at revenue is Universal Music with 7,155 Mio EUR revenue in its fiscal year 2019 (AR 4, p. 11) whereof 5,634 Mio EUR came from recorded music. Universal Music is a subsidiary of Vivendi S.A. Warner Music

Group is a self-contained company and the third biggest music label with of revenue 4,475 US Dollars in the company's fiscal year Ended September 2019. 3,840 US Dollars came from recorded music. Sony Music Entertainment is the second biggest music label measured at revenue. The label had a total revenue of 849,909 Mio Yen (about 7,957 Mio US Dollars) in its fiscal year ended March 2020 (AR3, p. F6) whereof 467,153 Mio Yen (about 4,370 US Dollars) come from recorded music. The company is a subsidiary of Sony Corporation.

3.2.2 Value Creation in Music Labels

Music labels have always been concerned with creating, trading and monetizing recorded music. This is a crucial differentiation to music publishers. They acquire, trade and monetize intellectual property rights in compositions. Hence, publishing rights refer to the copyright on a composition itself. The simplest way in which publishers monetize their rights is by selling sheet music; however, there are a lot of other way to monetize compositions. By contrast, music labels do not normally acquire copyrights in the composition at all. Music labels are concerned with recordings of compositions that leaves the rights on the compositions untouched. Music labels own master rights in a particular recording and no one else is allowed to monetize, reproduce or exploit this particular recording in any way. Next to this, labels close contracts with artists that are concerned with producing *recordings*. Hence, famous juristic trials concerned with sampling of music refer to both categories of rights: The copyrights and intellectual property right on the composition itself and the usage of a recording that is owned by someone. The person sampling music has to clear rights with both parties and the music label only has an interest in the case if the person uses the label's sound recording (reproduction of the original master tape). In case the person sampling music uses another recording in which the label has no ownership in, it has no interest in the trail based on its master rights at all. With this in mind, the business model of labels is based on owning recordings of music and their ability to reproduce and sell copies of these recordings and their ability to protect the sound recordings from being copied illegally. When music labels emerged the technology to record and reproduce music recording was extremely expensive and scares. Digitalization, however, commoditized sound recording and distribution technologies; hence, everyone can record music

with his or her smartphone and upload it to a streaming platform to distribute it. The more relevant becomes a second aspect that has always protected the business of music labels. Going back to the example of a person sampling music: Why would this person want to sample a particular recording? On the one hand, the sound of the recording itself could be unique and hard to be reproduced. However when production technologies are commoditized this cannot be a strong argument. On the other hand, it could be because of a particular artists performing in this recording and the value derived from this context. It is important to recognize that recordings are always capturing *someone* perform something and this someone is an artist. Music labels do not just sell the recording of a song; they sell the recording of a song by an artist. A core part of their business it concerned with creating and promoting the image of an artist persona connected to a recording. Normally, artists have a distinct quality of musicianship as well, for example, a unique voice or unique style to play an instrument, but they also carry with them a bubble of associations connected to their persona. The star-system is an integral part of marketing sound recordings. The business of music labels is to create and monetize multi-media experiences that perfectly match the taste, cultural values and codes of a particular target audience (scene or genre) at a particular point. Each of these multi-media experiences have the recording of a song by an artist at their core. In this regard, the business of music labels is far more complex than just recording and distributing music. In fact, music labels core services are not even concerned with recording music at all. In a chapter called "the value of labels" in the Global Music Report 2019 IFPI provides an overview on seven unique services labels provide to their artist ecosystem: "A&R", "Marketing and Digital", "Creative Teams", "Sync & Partnerships", "Press & Publicity", "Global Distribution" and "Global Reach" (IFPI 2019, p. 31). The services IFPI defines essentially refer to the basic departments and functions labels consist of. 1) "A&R" (artist and repertoire management) is concerned with taking artists under contract and of developing recording concepts together with them based on market and creative insights. 2) "Marketing" management is concerned with running multimedia campaigns and data analytics. 3) "Creative Teams" are product management teams that develop the artwork, videos and visual concept for the artists' releases. 4) "Sync & Partnerships" are team trying to connect artists to brand partners and place music in adverts or movies (sync). 5) "Press & Publicity" teams work on PR in a traditional sense over all media. 6) "Global Distribution" teams care for the distribution of music in all formats. 7) "Global Reach" is an

additional category by IFPI to show that major labels run country offices in almost all territories. Looking at this basic structure of labels, it becomes apparent that the creative part is outsourced. Music labels do not only need to work with the main artist of a recording to create a recording. They need to with songwriters, composers, producers, instrumentalist, sound engineers, studios, publishers and many more to create recordings. Artists themselves normally also employ management companies that take care of their brand and personality rights. This is a third category of rights in the music business. Merchandise (cups, t-shirts, etc.) refers to brand rights owned by the artist (unless sold). Next to this, considering that labels create multi-media experiences their creative departments need to work with video producers, photographers, art directors, designers and other creators to assemble other elements of recorded music products (such as the artwork or music videos). Another part of the music business is the live business. This is a separate cluster of creatives and managers helping artists to perform music live and go on tour, for example; tour promoters, show producers, designers, sound engineers, musicians, technicians and many more. Concerning all this, music labels need to involve a multitude of partners to achieve their core business objective: to create and monetize multi-media experiences based on music recordings with artists. The experiences music labels create together with their partners exist in many different forms and media: in audio recordings, videos, live concerts, info texts, social media stories and so on. Each of the individual forms in which music experiences appear to customers are distributed and created with different partners or groups of partners as elaborated above. Hence, music labels operate in a complex environment in which they need to coordinate with many different parties in potentially various ecosystems simultaneously. In this thesis, I refer to the ecosystem music labels directly relate to in creating hits as “recorded music ecosystem” to mark the difference to the general “music business ecosystem”. I refer to the ecosystems in the publishing, live, merchandize business as *neighboring rights ecosystems*. Neighboring rights is a common term in the music business to refer to the rights connected to publishing, merchandize and live.

4 Findings

In the following, I show that music labels are a hub company for artists and creators connected to ecosystems of many streaming platforms. The findings show an ambiguous relationship of labels and streaming platforms as both company types cooperate and compete. Streaming platforms cause a closer integration in the value-creating network of creators working with labels and hence weaken the central position of labels within their ecosystem of creators. This is because each individual platform ecosystem offers a similar value proposition to creators as labels. Consequently, labels expand their service portfolio to artists by integrating services from various related ecosystems, often connected to neighboring rights. In the beginning of the chapter, I present the participants and structure of the ecosystems surrounding music labels and streaming platforms. Following to this, I examine the value-creating processes of *labels* for their key partners, always in comparison to streaming platforms. In the last part of the chapter, I present the main strategic objectives of labels and describe how they compete with platform-providing companies. The insights I present are based on a detailed analysis of the selected statements by top managers of both company types. In each of their statements, managers refer to the strategic objectives of their own company. In almost all statements, managers describe achieving their own goals as related to creating value for a partner. In ~ 82% of all statements, managers refer to *at least* one additional collaborator with whom their company creates such partner value. Next to this, in almost all statements, managers describe a positive relationship and complementary action; in only 13 statements, they describe an action to harm their partners. Looking at these findings, collaboration is essential for companies in the recorded music business. It is the basic mode of value creation and appropriation for streaming platforms as well as for music labels. The findings show that there are typical categories of partners for which and with whom both company types create value. There are differences in the partners mentioned for whom both company types create value and in the structure of their complementors to create such partner value.

4.1 Landscape of Participants in the Ecosystem of the Recorded Music Business

Managers of music labels and streaming platforms mention a magnitude of partners with whom they have relationships. They also differentiate between partners with whom and for whom

value they create value in their statements. The analysis shows more than 42 types of collaborators in total, which I sub-sum under nine categories. In doing so, the main categories of participants in the ecosystem of the recorded music business are:

- 1) *labels*
- 2) *streaming platforms* - video and audio streaming platforms
- 3) *social media platforms*
- 4) *creators* - differentiated in:
    - a) *music creators*: artists, engineers, songwriters, session musicians, studios and
    - b) *non-music creators*: podcasters, TV series or shows or news or networks, film producers, games producers, fashion, sports content, education
- 5) *music artist related services from neighboring rights:* artist managers, merchandize sellers or producers, live business partners – such as ticketing platforms or booking agencies – and publishers
- 6) *advertising and brand partners:* any company that books advertising or co-operates for brand partnerships as well as marketing agencies (marketing partners)
- 7) *technology partners*: hardware and device manufactures and hardware platforms, operating system platforms – such as Android – car entertainment providers, voice device ecosystems, game console ecosystems
- 8) *Music start-ups and entrepreneurs:* partners mainly classified as start-ups and entrepreneurs operating in the music business
- 9) *users:* either users of platforms or fans of artists / customers of labels

Representatives of music labels and streaming platforms refer to the same basic categories of participants in their statements. The major distinction is mainly in the categories of non-music content creators, advertising partners and technology partners. Partners in these categories play different roles for streaming platforms – in particular for YouTube – than for music labels. Another aspect that differentiates labels and streaming platforms lies in the direction of the relationships to partners. Labels and platforms have a distinct set of partners for which they create value, which I will elaborate on in the following.

4.2 The Structure of the Recorded Music Ecosystem

To managers of labels and streaming platforms specific groups of partners are more or less relevant. To evaluate this, I look at the number of mentions of partners in their statement. Next to this, all managers refer to one partner category in their statements as a beneficiary of their actions. I identify these partners in the data sample in column P and refer to these results in this paragraph. As mentioned at the beginning of this chapter, managers refer to more than one partner in most of their statements. In the data sample, I collected all the partners mentioned next to the beneficiary partner in columns L to O. Hence, the numbers on how often managers refer to a partner category as presented subsequently in this paragraph are not adding up to the total number of statements as managers typically mention more than one partner per statement. The percentages and numbers given refer to the total number of partners mentioned by managers of each category over all statements. These numbers hint to the structure of the ecosystem and the relevance of partners for either labels or streaming platforms. I only use the percentage numbers to build a ranking to indicate how relevant specific partner categories are. The data sample does not allow generalizing the percentages, as they are not statistically valid.

The top partner categories mentioned by managers of **music labels** are (see appendix 1):

- #1 *creators* are the top mentioned partner category. They are mentioned in 38% of all statements.
    - *music creators*: are mentioned in 35% of all statements. Label managers mention songwriters in 4% of their statements, producers or engineers in 1,4% and studios in 0.9% of all their statements. They refer to artists far more often. In 60 out of 74 statements on music creators, artists get explicitly mentioned.
    - *artists*: get mentioned in 28% of all statements in total, making them the #2 most mentioned *single* partner entity by label managers right behind streaming platforms.
    - *non-music creators* are mentioned 3.7% of all statements. Label managers refer to podcasters, audio book, TV- and games producers (1 mention each) as well as producers of TV series and documentaries and films (2 mentions each)
- #2 *streaming platforms*: mentioned in 31% of all statements.

- #3 *partners from music artist related services from neighboring rights:* mentioned in 11% of all statements. Label managers refer to partners dealing with merchandize and the live business in 3%, artist managers in 2%, as well as ticketing and publishers in 1.4% each of all statements.
- #4 *labels:* mentioned in 5% of all statements
- #5 *advertising and brand partners*: mentioned in 4% of all statements
- #6 *users* (fans and customers): mentioned in 4% of all statements
- #7 *technology partners*: When label managers refer to technology partners (3% of all cases) they refer to voice activated device ecosystems (2%), apps or car entertainment partners (1 statement each).
- #8 / 9 Social media platforms and music start-ups are mentioned in 2% of all cases

Top partner categories mentioned by managers of **streaming platforms** are (see appendix 1):

- #1 *creators*: mentioned in 38% of all statements.
    - *music creators* are mentioned in 23% of all statements
    - *artists* are explicitly mentioned in 20% of all statements
    - *non-music creators* are mentioned in 15% of all statements
    - *podcasters* are mentioned in 8% of all statements, exclusively by Spotify managers who strategically invest in this content category to expand their business and find new users (SP13, p. 4 or SP11, p. 6). Audio books are mentioned in one statement by Spotify as a content segment (SP13, p. 3)
    - *creators such as TV networks and producers* and creators of such content as *TV series, shows and documentaries, news, film, gaming, education and sports* are mentioned in 7% of all statements combined. This is due to statements by YouTube managers. YouTube as a video platform integrates such content and managers of YouTube strategically seek partnerships with these partners (Y17, p. 4, Y12, p. 3 or Y5, p. 4)
- #2 *users*: mentioned in 23% of all statements
- #3 *labels*: mentioned in 13% of all statements

- #4 Technology partners: mentioned in 18% of all statements. While labels mention voice activated device ecosystems and car entertainment too, only streaming platforms refer to smartphone manufacturers, game console ecosystems and hardware as well as operating ecosystems
- #5 Advertising partners: mentioned in 7% of all cases. Spotify integrates advertisers to their platform as well, however, advertisers are far more important to YouTube as the platform's primary income stream is from advertising partners. Hence, YouTube managers refer to advertising partners much more often
- #6 *partners from music artist related services from neighboring rights:* mentioned in 6% of all statements
- Other streaming platforms or social media partners are only mentioned in two cases each.

4.2.1 Partners Labels Create Value For

It is no surprise that the top three partners of music labels are music-related creators, foremost artists, streaming platforms and partners providing services to artists in neighboring rights business (merchandize, publishers and live business). As already mentioned, managers refer to a specific partner in each of their statements that benefits from the action described.

The beneficiary partner's managers of music labels describe exclusively concern their top partners: creators / artists and streaming services. This means that they focus on their traditional partners and the focal company in the platform ecosystem. Managers of music labels describe all partner relationships accordingly as integrated in a value creating process towards their main partner categories. The top four partner mentioned by label managers is a traditional competitor: music labels. Managers refer to other labels either because they offer services to them (S11, p. 9) or as partners in licensing discussions with streaming platforms aligned to the mutual goal of growing the business with platforms (U9, p. 7 or W6, p. 3). Advertising and Brand partners are part of the labels' marketing services. Labels cooperate with them to create campaigns for artists (S12, p. 13 or U9, p. 5). Social Media platforms are partners with whom labels close licensing deals for their content similar to streaming services (W14, p. 3 or S11, p. 9 to 10), but also to promote content and to get unique customer insights (S17, p. 7). Music entrepreneurs and start-ups are discussed as getting access to novel artist services (W13, p. 2 to

3). The main technology partner discussed are voice activated device ecosystems. Label managers recognize the relevance of voice search for finding their content and support streaming services to smoothly integrate in voice ecosystems (S12, p. 12). Users or fans are a discussed only insofar, as that smarter and better-targeted campaigns increase their value and experience (W4, p. 1). In this sense, music labels focus on partners surrounding their traditional value chain almost exclusively. They create experiences with one cluster of partners, promote and market the content with another cluster of partners and monetize and distribute through the platforms. They describe complementary relationships and not linear relationships and foster processes of joint value creation and appropriation similar to a hub company. Streaming services have a much more diversified position. Their top three partner categories are: creators, however clearly diversified into multiple content categories and not focused on music only, users and labels, closely followed by technology partners as the top four partner.

4.2.2 Partners Streaming Platforms Create Value For

Managers of s*treaming platforms refer to a much more diverse set of partners as beneficiaries of their actions too*: creators of all sorts (artists, labels, non-music content creators and podcasters), technology partners, users, advertising partners and other platforms. This position reflects the multi-sided platforms market. As platforms, Spotify and YouTube connect users, advertisers (in their free tiers) and content creators. Labels are a specific form of powerful content provider to them. To grow the user-side of the market in competition with other platforms, it is a very relevant aspect for streaming platforms to integrate with technology partners and hardware, operating system and voice activated device ecosystems (SP 15, p. 6, SP3, p. 3). Integrating with social media platforms is also a relevant aspect to grow the user base (SP 8, p. 6), however, referring to the number of statements, technology partners are far more relevant. In fact, Streaming platforms have distinct a cluster of partners with technology partners as opposed to music labels. Streaming platforms also have a much more diversified field of content creating partners and thus integrate a great variety of related ecosystems. For example, YouTube integrates content from TV networks or sports leagues (Y1, p. 8), Hollywood studios (Y1, p. 5) and education content providing platforms (Y12, p. 3) and even though Spotify is much more focused on music streaming, the platforms aggressively expands into the content category of podcasts in an aim to grow the overall user base (SP9, p. 3 or SP13,

p. 2). By contrast, Music labels try to strengthen their value proposition towards artists and content creators by integrating partners and services from the neighboring rights related category of partners (W11, p. 3, S11, p. 12 or U2, p. 7 to 8). This is a reaction to streaming services weakening their central position versus their main beneficiaries: artists and content creators. Streaming platforms weaken the position of labels because they offer the same value proposition to artists and all creators as to labels, hence causing a closer integration in the ecosystem and disrupting the former linear structure in the value chain of music labels. Stronger cooperation with partners from related artist services is the distinct cluster music labels work on.

4.3 Joint Value Creation of Music Labels with their Main Partners

As stated before, managers name at least a single partner in each statement that benefits from their actions (with other partners) trying to achieve their own goals. In the previous chapter, I show that *music creators*, especially *artists* and *streaming platforms* are the main partner's label mangers describe as benefiting from their actions. Streaming platforms refer to all sorts of beneficiaries that relate to the multiple-sides of their platform: music and non-music creators, such as artists or podcasters, labels, advertising partners, technology partners and other platforms, users. I have identified typical goals managers describe which they help their partners to achieve and coded them in the data set column Q. Furthermore, I have identified 16 strategic objectives managers of streaming platforms and labels refer to as their own goals in their statements. In the following, I first describe the value propositions towards beneficiary partners that label managers describe in their statements and secondly what partners they involve in creating this value and what their own objectives are in this content.

4.3.1 Value Creation with Creators

Label managers identify a) *sharing content*, b) *growing their business*, c) *monetizing content,* d) *building careers,* e) *getting user insights and* f) *creating content* as the objectives in which they support non-specified content creators (Appendix 3). Label managers refer to content creators as a general category and main beneficiaries of their actions in only six statements. Referring to artists as the exclusive beneficiary, labels position themselves much more pointed. Label managers refer to artists as the exclusive beneficiaries in 39 statements. Towards artists,

they almost exclusively see their value proposition in supporting them to a) *build a career* (32 statements, 59 additional partners involved). They identify b) *monetizing content,* c) *sharing content,* d) *creating content* and e) *getting insights* as additional value creating activities. Managers of streaming platforms refer to creators in general as the main beneficiaries in the majority of their statements (57 statement) and identify the following main objectives in which they support them: a) *reaching fans*, b) *monetizing content*, c) *growing their business*, d) *upselling services,* e) *building a career,* f) *sharing content,* g) *creating content and* h) *getting user insights* (Appendix 2). They also describe a broader variety of objectives of artists in 29 statements. They identify a) *reaching fans*, b) *building a career*, c) *getting user insights* as the three main objectives in which they support artists. Next to this, they support artists in d) *sharing content,* e) *creating content, growing their business* and f) *upselling services*. Looking at these findings, one could assume that labels and streaming platforms offer the exact same services to artists and content creators in general. However, it is crucial to mention that the objectives in which the companies support their partners in are not the means by which they support them. Music labels involve the following partners in creating value for creators and artists (see Appendix 9 to 11 for partners):

- a) *Service partners from neighboring rights ecosystems*, especially the live and merchandize business. Labels *integrate* services from neighboring rights to their service portfolio in an aim to support artist building their careers and monetizing their talent in all segments of the business (U15, p. 8, W14, p. 4 or S11, p. 9).
- b) *Advertising, brand and marketing partners:* Labels actively engage with brands and advertising partners to create marketing campaigns for their artists and to close sponsorship and cooperation deals to build their careers (U9, p. 5, W9, p. 3 or S12, p. 13).
- c) *Social media platforms:* Labels close content licensing deals with social media platforms and cooperate to get better data insights and higher monetization and to run online marketing campaigns to build the careers of their artists (W8, p. 3, S12, p. 12).
- d) *Creatives*: Labels offer value in connecting artists and creatives to other music-related creators, such as songwriters, producers, engineers or by offering studio space to enable them to create (better) content (W2, p. 3, S12, p. 11 to 12). Labels also support creatives by connecting to non-music creators, such as TV- and film-producers, game

studios or podcasters to create unique multimedia campaign assets and content (S12, p. 13, W13, p.3 or U15, p. 8).

- e) S*treaming platforms*: Labels share insights from streaming platforms to help creators to better understand the market, they help creators to monetize content by negotiating higher better conditions and close deals with more platforms and they offer distribution services to independent artists by integrating distribution companies as "the Orchard" with Sony (W8, p. 3, S12, p. 20, S16, p. 4).
- f) *Technology partners*: Labels cooperate with technology partners (voice activated devices, hardware partners, software partners) to expand their service portfolio and create new business opportunities for artists and unique ways of sharing and monetizing content (W5, p. 3).
- g) *Music start-ups*: Labels cooperate with entrepreneurs and start-ups for a similar reason as cooperating with technology partners. They aim to expand the business and monetize and share content in novel way and try to get unique data insights (W14, p.3 or W10, p. 3).

Looking at their value proposition to artists and creatives as well as the partners labels involve, they position themselves as hub and spoke companies fostering cooperation within and between the music creator ecosystem and non-music creator ecosystem. Hence, they form their own company ecosystems of creatives in the periphery of streaming platform ecosystems. They hold a unique position as they connect their company ecosystem with multiple platform ecosystems, including social media platforms. Labels connect to brand and technology partners as well as start-ups in a traditional linear way. Their position towards neighboring rights ecosystems is special. They do not foster exchange with these ecosystems, but integrate these services. In doing so, they try to form a bridging position to these related ecosystems, which sets them apart from streaming platforms.

In contrast to labels, streaming platforms benefit artists and creators by cooperating with partners almost entirely due to network effects. Managers of streaming platforms typically describe the following partners as involved in creating value for artists and creators:

- a) *Content creators*: Unlike labels, streaming platforms create value for creators with other creators in working on the positive externalities of the platforms. They try to

increase the amount and variety of content (integrating podcasts at Spotify or sports and education content at YouTube) (SP13, p. 3, SP13, p. 2, Y5-1, p. 5) and the quality of content – for example by investing in premium content and avoiding illegal uploads at YouTube (Y23, p. 5, Y5-1, p. 5) – to likewise increase user utility to the other sides of the market and thus stimulate the overall platform and revenue growth

- b) *Technology partners*: Streaming platforms try to increase their positive externalities by integrating with voice device, hardware and software ecosystems (operating system). This increases user utility and hence fosters growth for the platform ecosystem (SP16, p. 3, SP4, p. 4)
- c) *Advertising and brands partners*: The number of advertising partners affects the possibility to monetize content for artists due to positive network effects (Y5, p. 6).
- d) *Users*: Increasing the numbers of subscribers provides value to artists due to positive network effects (SP1, p. 5, SP 13, p. 3). However, users are involved in a more subtle way of creating value for artists. Daniel Ek presents the mission statement of Spotify as to "unlock human creativity by connecting artists to fans" (SP15, p. 3 to 4). Following this general idea, streaming services program algorithms and utilize data insights to match artists and fans better. They promise to connect artists to the perfectly fitting target group (SP15, p. 9, SP15, p. 3 to 4, Y11, p. 9 and Y23, p. 5). Streaming services also share user insights with their creators to enable them smarter business decisions (SP 2, p. 4, SP 13, p. 2 to 3). They also offer paid on-platform services to advertising content to users (SP11, p. 7, Y2, p. 6).
- e) *Service partners form neighboring rights ecosystems*: Streaming platforms integrate merchandize and ticketing upsell options allow artists to maximize their on-platform income (SP15, p. 11 or Y5, p. 5/2)

Managers of streaming services mostly describe creating value based on working on network externalities when they refer to complementary partners in their statements. However, they also offer value in the matching algorithms connecting artists to users and providing them with user insights and on-platform marketing opportunities. More than this, streaming services have setup a variety of additional initiatives, where they only interact with artists: They employ career consulting teams and support artist careers actively (SP11, p. 8). YouTube directly invests in exclusive content (Y23, p. 5) and provides so called "YouTube Spaces", which are like studios

where creators can go to create content (Y2, p.9). With such initiatives, streaming platforms reinforce quality content production but also offer on-platform marketing and A&R services.

4.3.2 Value Creation with Streaming Platforms

Streaming platforms are the top partner for managers of music labels based on the number of statements in which they refer to them as beneficiaries (45). Label managers identify the following objectives of streaming platforms, in which they support them: a) *growing their business*, b) *monetizing content*. There are a few exceptions: In one statement, Steven F. Cooper describes a competitive relationship to streaming platforms with them c) sharing content themselves. He refers to the fact that platforms license content directly from artists (W9, p. 5). A specific case of cooperation with streaming platforms is the relationship of Universal Music Group to Tencent (a Chinese streaming service). In three statements, managers of Vivendi refer to Tencent buying an equity share in Universal Music Group. I have also marked YouTube separately in three statements. In these statements, managers discuss the special relationship to YouTube benefitting from problematically low licensing terms (U3, p. 16). Apart from these cases, growing the business and monetizing content are the main objectives label managers identify in complementary actions with streaming services. Label managers describe the following partners as involved in creating value for streaming platforms:

- a) *Content creators*: To grow the market together, labels invest in new content and artists globally and local content creators in markets where streaming newly emerges in particular (S6, p. 10, U1, p. 3, W10, p. 7). Next to this, they together with their artists accept lower content license margins to enable the platforms to growth (S17, p. 2, U4, p. 2, W7 :5)
- b) *Partners from neighboring rights ecosystems*: These statements concern publishing and artist managers in the same way as content creators. The overall aim is to grow the market together by investing and accepting lower terms (U9, p. 7, W11, p. 3)
- c) *Social media platforms:* Labels run social media campaigns to increase subscribers numbers and even share data from social media back to streaming platforms to support them in growing (S12, p. 12)

- d) *Technology partners*: Labels help to create a better user experience in car entertainment and voice activated device ecosystems to grow the market together (S6, p. 11)

Looking at these statements, music labels clearly support the focal companies in their streaming ecosystems. They understand the process of mutual value creation. By contrast, managers of streaming services almost never exclusively mention labels as beneficiaries of their actions. In only six statements, labels are the exclusive beneficiaries. Usually, labels are just as specific category of creators for streaming platforms and enjoy the same value added benefits as all other content creators. Spotify managers make all six statements, in which labels are the exclusive beneficiaries. In half of the statements, they refer to content monetization and licensing agreements (SP15, p. 18 or SP 16, p. 3). In the second half, they describe complementary actions to jointly connecting artists to fans and building artist careers (SP1, p. 2 or SP3, p. 7).

4.4 Strategic Objectives of Music Labels and Competition

When managers of music labels describe their own strategic objectives in statements referring to streaming platforms they name three objectives consistent with the objectives of streaming platforms: 1) *growing the industry together*, 2) *monetizing content* and 3) *global expansion* (see Appendix 4). However, they also name the following additional objectives: 4) *expanding partnerships and adding partners*, 5) *leveraging power over partners,* 6) *maximize content owned*. In these goals, they express their competitive agenda, which I describe as follows:

- *a) Leverage power to reinforce a fragmented streaming ecosystem of multiple platforms*: Labels license content to as many platforms as possible (up to 400) to reduce concentration of market power with a single platform. They can leverage their market power due to owning a huge catalogue of recordings in licensing negotiations to and ask for comprehensive access to customer data the platform collects (U5, p. 3, S12, p. 19, S12, p. 11, S17, p. 7)
- *b) Leverage power to push up margin*: Even though they want to grow the ecosystem together and hence accept lower margins, labels try to leverage their power to get favorable licensing terms (U7, p. 9, W10, p. 7)

- *c) Increase content owned in general*: Labels try to participate in the growth of the platform by maximizing their share in the content distributed to platforms. Thus, they invest in singing new artists, but also in adding distribution services for artists (Sony acquired the distribution service provider the Orchard to offer services for independent artists). (S12, p. 18, U13, p. 2)

    - *c1) Global expansion*: To participate in the growth of streaming platforms in emerging markets and to increase content owned, labels invest heavily in global expansion and local artists (W7, p. 3, S6, p. 10, U1, p. 3, W10, p. 7). However, they also diversifying in acquiring concert venues in emerging markets (U3, p. 3). Global expansion is a strategic objective they share with streaming platforms.

- d) *Expand partnerships to strengthen the value proposition towards artists*: Labels try to offer better creative services and insights in cooperating with more partners to collection data. Aggregating data from multiple platforms and contexts they try to offer better strategic consulting and insights to artists than a single streaming platform (S17, p. 7 or W14, p. 3). Labels also aim to strengthen their value proposition to artist in investing in studios and creative spaces (W2, p. 3) which is a direct reaction to similar actions by streaming platforms.

In their actions, managers of music labels react to platforms disrupting their traditional value chain and structure of partner relationships. In offering the same on-platform marketing services, data insights and possibility to distribute content to labels and artists alike (SP2, p. 2), streaming platforms create an integrated ecosystem that reduces the network centrality of labels within their value chain. Hence, labels have a strong interest in a fragmented ecosystem with many streaming platforms they can bridge by *providing data insights and services across platforms and neighboring ecosystems*. The strategic objectives labels managers mention when they refer to creating value for artist reflect this competitive idea. Managers of labels and streaming platforms describe four strategic objectives in which they both support artists; however, labels always try to add value in bridging between platforms and ecosystems: 1) *Offering additional services*, means for labels to integrate services from neighboring rights ecosystems (S11, p. 12, S16, p. 4, U9, p. 5, W10, p. 3), whereas platforms mean to integrate

additional on-platform marketing services or upsell opportunities (SP15, p. 11 or Y5, p. 5/2). When platforms refer to 2) *creating and sharing data insights*, they refer to sharing user data from within their ecosystem with its participants (SP 2, p. 4, SP 13, p. 2 to 3). By contrast, labels refer to sharing data from across ecosystems and related ecosystems (S17, p. 7 or W14, p. 3). 3) *Connecting artists and fans better,* means for labels to integrate more services from neighboring ecosystems. Next to this, they connect data from multiple sources to provide better artist and repertoire consulting and better cross-media campaigns (S11, p. 12, S16, p. 4, U9, p. 5, W10, p. 3, W9, p. 3). By contrast, streaming platforms refer to on platform actions by which they connect the different sides of the platform better (SP15, p. 9, SP15, p. 3 to 4, Y11, p. 9 and Y23, p. 5). 4) *Maximizing content owned* is an objective in which an inverted action pattern appears. Music labels remain in their domain and only expand their business to distributing independent artists and labels (S12, p. 18) or to take under contract more artists in more territories globally (W7, p. 3, S6, p. 10, U1, p. 3). By contrast, streaming platforms diversify their offering by integrating more content from different domains and for the same time generally increase the amount of content on the platforms (SP13, p. 3, SP13, p. 2). In addition to the shared objectives, managers of streaming platforms describe complementary value added activities that link to the other sides of their market place: 1) *monetization of content*, 2) *growing the industry together with partners*, 3) *creating better user experience*, 4) *dealing with legal issues concerning content* (referring to YouTube battling illegal uploads (Y14, p. 5) and 5) *providing better services for advertisers*. However, they also address 6) *ecosystem competition* directly in ten statements, all of which are made by Spotify. On the one hand, Spotify managers refer to competition with other ecosystems (by increasing content owned or offering better services to creators); on the other hand, they describe competition with players from within their ecosystem. They say that owning the referring mechanisms and playlists is a source of power (SP13, p. 4). Next to this, they acknowledge that their referral mechanisms are passing by structures and gatekeepers from the “old industry” (SP15, p. 10). In doing so, they reflect the structural change platforms bring about for the value network of music labels. Spotify managers also discuss the value of their data insights for creators and potentially charging creators for additional marketing services in the future (SP3, p. 6). Steven F. Cooper, CEO of Warner Music Group, refers to Spotify having competitive advantage from owning playlists in one statement (W11, p. 3). He also describes that their approach in connecting to creators and

artists directly disrupts former structures causing labels to re-focus their value proposition towards artists (W8, p. 6, W9, p. 5). In fact, managers of all labels describe that to strengthen their value proposition towards artists due the streaming (W8, p. 6, SP12, p. 11 to 12, U16, p. 3). Hence, managers of labels describe the following three own strategic objectives when they create value for artists: 1) *diversification*, 2) *mergers and acquisitions or joint ventures*, 3) *expansion of partnerships and connection with new partners* (see Appendix 4). I already referred to aspect 3) in section concerned with objectives in creating value for streaming services. *Diversification* and *mergers and acquisitions or joint ventures* are newly mentioned objectives. Both go back to the fact that streaming platforms cause the value chain of labels to integrate. Labels react in trying to win back centrality by integrating services that belong to neighboring rights, the third most mentioned partner category by label managers. Most interestingly, they approach a partner category only barely integrate in their ecosystem. Artist related services connected to neighboring rights are relevant to streaming platforms only as far as that artist managers and publishers represent artists and creators (songwriters). In this regard, streaming platforms offer a value proposition to publishers as well and they need licensing agreements with publishers to provide content (similar to radio stations). However, publishers are a special entity in this category generally, as they are often owned by major music labels (AR4, p. 11 or AR3, p. F6). By the contrary, the live and merchandize business only plays a role at streaming platforms as they try to integrate cross-PR and upsell functions for concert tickets and merchandize (Y14, p. 8, Y7, p. 5 or SP15, p. 4). Other than this, there is no connection to these partners. Consequently, music labels jump towards a position where they do not face competition by streaming platforms or have already integrated (publishers) to add unique services for their artists. Data insights are another relevant differentiator label managers describe in this respect as a unique selling point towards artists. Music labels try to integrate data over various ecosystems to provide unique insights for their artists a single platform ecosystem could not access (W10, p. 3, S12, p. 13). Hence the following aspects are added to their competitive agenda

- e) *Diversification and integration of services from neighboring rights ecosystems*: To compete with all and participate in all related fields of the business as Rob Stringer, CEO Sony Music Entertainment, puts it (S11, p. 12) labels diversify their value-added services for artists and integrating services from ecosystems connected to neighboring

rights (S16, p. 4, U9, p. 5, W10, p. 3). This results in strengthening the labels value proposition towards artists in offering comprehensive career support across all segments of the business (W9, p. 3, U16, p. 3). Labels become a "one-stop-shop" and capture a bridging function in connecting to various ecosystems. Labels integrate these services to strengthen their core business with artists, even if some related businesses might be financially unattractive (merchandize) (U11, p. 11).

- f) *Mergers and Acquisitions, Joint Venture*: Labels for joint ventures or buy companies to reach their objectives. They integrate services from start-ups in accelerator programs to expand their business (W14, p. 3). Next to this, labels buy partners from neighboring rights ecosystems to diversify (W14, p. 4, S12, p. 14, U9, p. 5) and other labels or distribution companies to increase the content they own (W10, p. 3, S11, p. 9). Labels form joint ventures with agencies and entrepreneurs to expand their services and get unique data insights tools (S6, p. 10, W13, p. 2 to 3). A special case is Vivendi selling a minority share of Universal Music Group to Chinese streaming platform Tencent (U12, p. 9).

- g) *Higher degree of internal integration*: To strengthen their value proposition in offering more diversified services, labels closer integrate their internal structures. They foster cooperation within different departments of their music units, however, especially Universal Music Group and Sony Music Entertainment that are both owned by corporations create services across different business unites. For example, the hardware, film and gaming business of Sony (S12, p. 13 to 14), and the business of advertising and media agencies at vivendi (U 16, p. 3, U9, p. 5).

- h) *Aggregating data across ecosystems to create unique insights and services*: Labels and streaming platforms share the goal to create and share data insights with artists to connect them better with fans. However, it is a unique agenda for labels to collect data from across streaming platforms and related ecosystems (S17, p. 7 or W14, p. 3) to provide better artist and repertoire consulting and better cross-media campaigns (S11, p. 12, S16, p. 4, U9, p. 5, W10, p. 3, W9, p. 3).

4.5 Summary of Findings

In this chapter, I have presented what players there are in the ecosystem of recorded music. I examine with whom of these players music labels and streaming platforms cooperate in their business processes. On top of this, I show that labels and streaming services cooperate with a distinct set of partners to create value for specific partner types. The main partners mentioned by managers of music labels are also their main beneficiaries: music content creators, artists in particular and streaming platforms. Streaming platforms create value for partners on all sides of their multi-sided market: creators (non-music content and music content creators as well as labels), users, advertisers and technology partners as streaming platforms try to integrate with technology partners' ecosystems. Offering the same value proposition to artists and all creators as well as for labels, streaming platforms cause a closer integration in the value chain of music labels and disrupt their former linear structure and central position as a hub company. In reaction to this, music labels seek to integrate additional services connecting to neighboring rights and related ecosystems to offer a unique value proposition competing with streaming platforms. Labels share the strategic objectives with streaming platforms to grow the industry, monetize content and to expand globally. Their unique strategic objectives all relate to strengthening the labels' value proposition towards artists. Their objectives are: diversification and integration of services from neighboring rights ecosystems, aggregating data across ecosystems, higher internal integration, mergers and acquisitions and joint ventures, expansion of partnerships, increase of content owned, leveraging power to reinforce a fragmented landscape of multiple platform ecosystems and pushing for higher margins. This leads to five main observations that characterize the ecosystem constellation in which music labels operate:

1) Music labels operate in complex ecosystems of creators and partners from adjunct fields of business, in which they have traditionally been a focal firm. The most relevant complementary partners for and with whom they create value are creators (artists) and streaming platforms.

2) Streaming services form distinct platform ecosystems resulting in more decentral, integrated network structures in the ecosystem of the recorded music business, which consequently reduce the labels' network centrality and strength as hub companies within their value-creating networks of creators. Streaming platforms achieve this integration by a) making distribution technologies a commodity and accessible for everyone as well as b) in offering value creating

on-platform services such as playlisting, marketing tools or user insights equally to all participants. In doing so, streaming services compete with labels not only in distribution but also in their core value-added activities: PR, Marketing and strategy consulting (A&R). Thus, they are disrupting the formally unique value proposition of labels towards creators and diminish their network centrality. It is crucial to recognize that platforms offer such services as additional services for creators to grow their side of the platform in competition with other streaming platforms. Hence, their actions are not intended to be competitive towards labels originally.

3) Music labels react to the non-linear disruption of their value chain and reduction of network centrality by re-defining their value proposition towards creators. They try to re-gain centrality and to capture a unique, defendable bridging position by diversifying their value proposition and integrating services from adjunct business ecosystems connected to neighboring rights (merchandize, live business, publishing and artist management) as well as by aggregating data across multiple platform ecosystems and adjunct fields of business (e.g. social media, neighboring rights, brands partnerships, music entrepreneurs). Music labels achieve this diversification by expanding partnerships, joint ventures as well as mergers and acquisitions.

4) Music labels try to avoid market concentration in the market of streaming services and reinforce a fragmented landscape of multiple platform ecosystems by leveraging their power, which arises from the historic market concentration in the recorded music business and their huge catalogue of master rights. To reach their goal, labels license content to and cooperate with a magnitude of streaming services. Moreover, they try to retain their market share by maximizing content they own in globally singing new artists or expanding their business to distribution deals and content partnerships. Next to this, labels try to push for higher royalty margins in licensing deals with streaming services. However, they are willing to accept lower margins to grow the industry together with streaming platforms.

5) Music labels and streaming platforms share the same strategic objectives and act as complementors in growing the industry, monetizing content and expanding globally.

5 Discussion

5.1 Discussion of Findings and Theoretical Contribution

The aim of this thesis is to find out how music labels strategically manage partners and create value in their ecosystem of partners in the streaming age. The research question is motivated by the assumption that the specific platform economics in platform ecosystems disrupt the traditional market economics of music labels, forcing them to adapt their management strategies and value proposition towards creators. To answer the research question, I analyze statements by top managers of three major music labels and two streaming platforms in earnings calls and conferences with institutional investors. I investigate which business partners they mention and how they describe these relationships. Given the fact that the theoretical concept of ecosystems is characterized by a distinct non-hierarchical way of joint value creation and alignment processes, I analyze with whom and for whom the companies create value and what their value proposition towards their partners is according to the statements. I compare this value proposition to the strategic objectives managers describe for their own company in these statements. I specifically analyze the relationship of labels and streaming platforms as described by the managers.

What is unique in the ecosystem of the recorded music business is that a few very powerful hub companies in a highly concentrated market interact with multiple platform ecosystems and other ecosystems from adjunct fields of business. Hence, music labels position themselves within a constellation of ecosystems and try to differentiate and offer a unique value proposition to their partners in capturing a distinct bridging position between ecosystems. In this thesis, I show five main characteristics of this unique constellation of music labels.

1) *Music labels operate in complex ecosystems of creators and partners from adjunct fields of business, in which they have traditionally been a focal firm.*

Artists and creators are a main beneficiary of the actions of labels. Labels support them in creating and sharing content, building careers and growing their businesses. Furthermore, they provide strategic insights and care for the monetizing their content. In their business process to create hits, music labels align a magnitude of external partners: artists, songwriters, studios, producers but also non-music creative partners cooperate to create a hit. Creating a “focal offer”

or “focal value proposition” is characteristic for business ecosystems (Shipilov and Gawer 2020, p. 97). Next to this, music labels create hits in emergent processes with their partners and do not simply assemble ingredients. This is characteristic for value creating processes in ecosystems as Adner (2017, p. 42) describes them: “they are not decomposable to an aggregation of bilateral interactions”. In the way that labels organize cooperation in their business process, they also mirror how Jacobides, Cennamo and Gawer describe the process of value creation in business ecosystems: non-hierarchically organized complementors tie-in as modular entities for joint value creation (Jacobides, Cennamo and Gawer 2018, p. 2255). Labels act like a hub company for their creative partner because they align them towards a focal value proposition (Jacobides, Cennamo and Gawer 2018, p. 2256 to 2257), which is expressed in the goals to create and share content as well as to build artist careers. Sharing insights is essential in this process, but also to enable partners to grow their business and monetize their content. Hence, labels act like a “keystone company” as described by Iansiti and Levine (2004, p. 74): They are the “value dominator” aligning their partners in a value creating process *and* allow them to appropriate the value created. What is unique in the recorded music business is that the business ecosystem labels form interact with multiple platform ecosystem. This leads to a unique competitive situation.

2) *Streaming services form distinct platform ecosystems and compete with labels in a) making distribution technologies a commodity and accessible for everyone as well as b) in offering value creating on-platform services similar to the core value-added activities of labels for their creative partners*.

Platforms can generally be seen as entities that enable transactions between various sides of a market with the platform-providing company monetizing this exchange (Rochet and Tirole 2006, p. 645). Hence, platforms are “tools” of economic exchange for their participants (Senyo, Liu and Effat 2019, p. 53). Gawer (2017, p. 1240) refers to platforms as “meta-organizations” and describes that they define how participants create and exchange value or complete. This is because the platform-providing companies program the algorithms and protocols based upon which participants connect. This logic also manifests in the recorded music business, where – as an example – playlists become a tool to control demand (SP13, p. 4), as managers of both company types discuss in their statements. More than just being a tool, platforms are the focal

points in their platform ecosystems and act similar to hub companies. They align participants to create and share value (Senyo, Liu and Effat 2019, p. 53). The central strategic objective for platform ecosystems is to grow due to positive network externalities characteristic to their market. This means that the number of participants on one side of the platform maximizes the value for the other side, and vice versa (Eisenmann, Parker and Van Alstyne 2011, p. 1274). Consequently, streaming services offer additional value to all sides of their platforms to be more attractive to them than their competitors and draw participants into their ecosystems. It is no surprise, that streaming services identify the same strategic objectives of creatives as labels do (creating and sharing content, monetizing content and building careers etc.) and offer a value proposition accordingly. Sharing insights, offering marketing tools, providing strategic consultancy to artists and building creator spaces for creators are completive actions aimed at other streaming platforms. Managers of streaming platforms try to maximize user value for creators to enable their company to become "platform leader". Gawer and Cusumano (2008, p. 32) refer to this term when describing competitive actions aimed at improving the user utility of platforms. Integrating add-ons from third parties or absorbing features from related markets are typical actions they find. Amit and Zott (2001, p. 504) describe similar competitive value-adding services for users in online businesses. Hence, streaming platforms follow standard protocols to optimize their service and to grow their platform ecosystem but for the same time, they compete with labels in their core value proposition for artists: PR, Marketing and strategy consulting (A&R). A crucial element in their value proposition is sharing insights and collecting data. Unlike labels, streaming services as the focal company can collect data over all labels and artists *within* their platform ecosystem. They create user insights from data about the "scope of competition" (Subramaniam 2020, p. 7) and thus to offer a unique value for their ecosystem in direct competition to labels. Sharing these insights and providing strategy consulting and creator spaces, streaming platforms help creators and artists in creating content that fits the target audience best or in other words: to create hits. In combination with their playlisting and on-platform marketing services, streaming platforms support artists in full range of their strategic objectives: sharing content, building careers, growing their businesses, monetizing content – however, only within their platform ecosystem. In their reaction, music labels jump in exactly this strategic hole.

3) *Music labels react to the non-linear disruption of their value chain and reduction of network centrality by re-defining their value proposition towards creators. They try to re-gain centrality and to capture a unique, defendable bridging position by diversifying their value proposition integrating services from adjunct business ecosystems connected to neighboring rights (merchandize, live business, publishing and artist management) as well as by aggregating data across multiple platform ecosystems and adjunct fields of business (social media, neighboring rights, brands partnerships, music entrepreneurs e.g.).*

Music labels try the exact same approach to gain competitive advantage by aggregating data from the "scope of competition" (Subramaniam 2020, p. 7) but they collect data across different platform ecosystems. They also collect data on the "scope of value creation" (Subramaniam 2020, p. 6) as they collect data from adjunct fields of business such as merchandize, the live business or social media platforms. This action is part of a bigger move to regain centrality and uniqueness. Within a single platform ecosystem, major parts of the services of labels can be replaced by platform offers. Consequently, their own business ecosystem gets instable, as partners are less loyal to replaceable complementors (Jacobides, Cennamo and Gawer 2018, p. 2264). In reaction to this, labels focus on a winning strategy by trying to own bottlenecks (Douglas and Eisenhardt 2018, p. 3190 to 3191) and building bridge to other clusters of partners (Shipilov and Gawer 2020, p. 108 to 111). In doing so they regain power and centrality (Adner 2017, p. 41). Labels build bridges in distributing to and aggregating data from various streaming platforms. However, they also actively bridge to neighboring rights ecosystems by integrating their services or buying service companies. In doing so, they try to own bottlenecks in providing comprehensive service packages and insights no other participant can offer. In integrating services from neighboring rights ecosystems labels furthermore gain stability in their own company ecosystem from creating stronger bi-directional relationships with their artists by increasing the efficiency of their career development offering services for all related businesses (Jacobides, Cennamo and Gawer 2018, p. 2266). Directly integrating (owning) such services from neighboring rights ecosystems instead of cooperating is a strategy that not only Douglas and Eisenhardt (2018, p. 3190 to 3191) observe, but also Shipilov and Gawer (2020, p. 114). They show that in cases when companies with a hub and spoke alliance network operate in ecosystems with integrated complementaries, the hub company benefits most from innovation. The reason is that it manages to bridge between partners that otherwise do not interact, hence

in building bridges to other partners. Music labels act in exactly this way by integrating related services. They jump on a cluster of partners that is not directly related to streaming platforms as a side of their marketplace, however, very relevant for artists to achieve their goal of building a career. Hence, the offer to align partners better to solve this particular pain point of artists and create a unique value proposition (Adner 2017, p. 47). Labels can compete with platforms in such a way as long as the value their additional services generates for creators exceeds the value of working with a single platform, thus when the maximize the overall economic value for artists (Jacobides, Cennamo and Gawer 2018, p. 2263, Gans and Ryall 2017, p. 18). This position is fairly safe, as long as there are many different platforms in the market. Hence, music labels actively try to reinforce a fragmented streaming market with multiple platforms.

4) *Music labels try to avoid market concentration in the market of streaming services and reinforce a fragmented landscape of multiple platform ecosystems by leveraging their power arising from the historic market concentration in the recorded music business and their huge catalogue of master rights*.

Platforms grow based on positive network externalities. Hence, they try to maximize content on their platform. However, platforms also try to differentiate their offer by integrating exclusive content (Panico and Cennamo 2020, p. 10). What is characteristic in the recorded music business is the high market concentration. The three major labels account for about 3/4 of the total market revenue. Hence, streaming platforms face a highly concentrated market on the creator side. By contrast, labels currently face a fragmented landscape of platform ecosystems form a global perspective. Labels leverage their power in this situation and license content to and cooperate with a magnitude of streaming services (400) and do not cooperate exclusively. They try to reinforce a fragmented landscape of streaming ecosystems. Next to this, they try to retain their market share by maximizing content they own in globally singing new artists or expanding their business to distribution deals and content partnerships. By contrast, streaming services try to create exclusive offers by adding additional content categories, such as podcast. The reason why they currently cannot win artists for exclusive content might be that this requires them to become independent of labels and hence lose their support and services. As a result, it seems that for the moment the labels strategy to maximize the total economic value for artists pays off.

5) *Music labels and streaming platforms share the same strategic objectives and act as complementors in growing the industry, monetizing content and expanding globally*. Labels try to push for higher royalty margins in licensing deals with streaming services, however, they are willing to accept lower margins to grow the industry together with streaming platforms. This is a typical complementary action as described in theory. The focal companies align towards a mutual goal (Jacobides, Cennamo and Gawer 2018, p. 2261). Income from streaming platforms is the main revenue source in the recorded music business and main driver of growth (IFPI 2019, p. 15). Based on mobile technology, streaming platforms enable the recorded music market to grown in the former periphery and globally expand to new markets (IFPI 2019, p. 19).

This thesis contributes to ecosystem theory in analyzing the structure of partner relationships in the recorded music business and by comparing the results to existing literature. What is unique in the recorded music business is that very powerful hub companies from a highly concentrated market interact with multiple platform ecosystems. Concerning their share in market revenue and growth, streaming platforms are the most relevant complementary partners for labels to appropriate value. Nevertheless, streaming platforms compete with labels in their efforts to create value based on strategies by which the platforms actually compete with each other to grow the number of creators (and labels). The impact on labels reveilles how powerful the services are which streaming platforms offer. Never before have creators and labels had access to such detailed customer insights and precise, databased matching tools to customers. Data is a central aspect for competition and ecosystem stability in the recorded music business. As a reaction to the competition of streaming platforms in their value creating services for creators, labels diversify their value proposition for artists and creators. They take on a defendable bridging position by integrating services from adjunct business ecosystems connected to neighboring rights (e.g., merchandize, live business, publishing and artist management) as well as by aggregating data across multiple platform ecosystems and adjunct fields of business (e.g., social media, neighboring rights, brands partnerships, music entrepreneurs).

5.2 Managerial Implications

Strategies and value creation of music labels have not been described in the context of business ecosystem theory so far. However, the business process of music labels creating value together with a magnitude of external creative partners aligned by the label towards creating a specific piece of content already historically shows characteristics of the organization structure of ecosystems. Facing streaming platform ecosystems which enter the market and offer similar value-adding artist services as labels, it is even more relevant for managers in the recorded music business to understand the distinct processes in ecosystems concerning the creation and appropriation of value, as well as strategic alignment of partners and competition. This thesis provides managers with an overview on the behavior of music labels and streaming platforms. In comparing the findings to literature on business ecosystems, strategic behavior patterns can be identified. Hence, it is possible to reflect on the existing actions in a greater strategic context and adapt or alter strategies.

Based on the insights from this thesis, the main recommendations for label managers are:

- Managers should understand that value in their business arises from unique constellations of partners their companies connect and that competitive advantage arises from the ability to connect to unique constellations of value adding complementors.
- Managers should seek the structural holes in the value adding services of streaming platforms for artists and bridge these holes with their own services.
- Consequently, they should continue to diversify their service portfolio by integrating services from neighboring rights ecosystems, which are not aligned to streaming platforms as one side of their market place and bridging structural holes.
- Managers should clearly identify which of the services they integrate provide the greatest upside for artists in their goals to create, share and monetize content as well as building a career and business.
- If possible, they should actively acquire bottleneck services for artists and creators.
- Managers should actively manage the ecosystem they create by bridging between various ecosystems and define unique formats in which they systematically connect the complementors to jointly create value for artists.

- Managers should understand the crucial role of data collection and aggregation to create digital business ecosystems, thus acknowledge the role of data for creating unique alignment structures and value added services for complementors.
- They should understand that labels can generate unique data insights from bridging structural holes of single streaming platform ecosystems. Whereas single platform ecosystems can only provide insights from their ecosystem; music labels can utilize their position bridging between adjust business ecosystems connected to neighboring rights and other streaming platforms and hence create unique data sets and value added services.
- Hence, label managers should insist on getting comprehensive data insights from all their streaming partners and leverage their power to achieve this.
- Managers of music labels should reinforce a fragmented landscape of streaming platforms and avoid exclusive cooperation. In case a single platform becomes too strong, the labels' strategy to bridge structural holes becomes less powerful. Hence, label managers should find ways to further and sustainably work against the-winner-takes-it-all-logic of platform businesses. This might include actively supporting mid-sized platforms to weaken the market leader. Labels should leverage their power representing a huge catalogue of rights to achieve their goals.
- Labels should increase their content owned to grow along with the market and keep the market concentration and hence their negotiating power towards streaming services high.

5.3 Limitations and Future Research

The findings of this thesis are based on a relatively small data sample. It only includes data from one video streaming service, one audio streaming services, three major labels, and no indie labels at all. The data only covers the years 2016 to early 2020. Some earnings calls are missing and annual reports were not included. For future research, the scope in time can extended to compare developments over time. Independent labels and other streaming platforms can be included. Next to this, annual reports can be included too. In this sense, this thesis can serve as an explorative study to hint into directions for future research.

The data selection criterion as well as the criterion to structure data are subjective. Hence, there are subjective biases in the data set of this thesis. Future research can apply quantitative and statistically valid methods to overcome biases. Analyzing earnings calls and conference transcripts does not allow to qualitatively dive in as deep as in working with expert interviews. Next to this, the first parts of the earnings calls and conference transcripts are scripted prior to the call. For future research, expert interviews can help to come to a deeper qualitative understanding of the subject. Lastly, creators can be interviewed to find out about their strategic goals from the original source. Future research should also study first-hand statements of artists and managers of streaming platforms on their strategic objectives.

6 Conclusion

The aim of this thesis is to examine how music labels strategically manage partners and create value in the recorded music business ecosystem. Systematically analyzing and hand-coding statements by top managers of three major music labels and two streaming platforms in earnings calls and conferences with institutional investors, this thesis studies with whom and for whom music labels create value and what their value proposition is. I provide a literature overview on the distinct characteristics of value creation and appropriation as well as strategic alignment and competition based on the key findings of business ecosystem research. I specifically describe literature on platform ecosystems and the role of data for ecosystem formation, as well as the role of value creation in e-businesses in general.

The findings suggest that music labels operate in complex ecosystems of creators and partners from adjunct fields of business, in which they have traditionally been a focal firm. The most relevant complementary partners for and with whom labels create value are creators (artists) and streaming platforms. Streaming services form distinct platform ecosystems resulting in more decentral, integrated network structures in the ecosystem of the recorded music business, which consequently reduces the centrality and strength of labels as hub companies within their business ecosystem. Streaming services cause this change because they make distribution technologies accessible for everyone and offer additional on-platform services and data insights

for creators to grow their side of the market in competition with other streaming platforms. The additional services streaming which platforms offer to artists and creators address their most relevant strategic objectives (creating, monetizing and sharing content, building a career and business). Thus, they compete with the core value adding services of music labels: strategy (A&R) and creative services, PR and marketing. Music labels react to this competition in diversifying their value proposition towards creators in bridging structural holes in the offer of streaming platforms. They do so by integrating (through mergers, acquisitions and joint ventures) services from adjunct business ecosystems connected to neighboring rights (merchandize, live business, publishing and artist management) as well as by aggregating data across multiple streaming platform ecosystems and connected fields of business (e.g., social media, neighboring rights, brands partnerships, music entrepreneurs).

The market structure in the recorded music business is unique because very powerful hub companies (major labels) from a highly concentrated market interact with multiple platform ecosystems. Both company types share the strategic objectives to grow the industry, monetize content and expand globally. Consequently, streaming services are the most relevant complementary partners for labels to appropriate value from recorded music. Even though they compete in their value adding strategy for creative partners and artists for the same time. To defend their historic market power and to frame their strategy bridging structural holes, music labels reinforce a fragmented landscape of multiple platform ecosystems. They do so in licensing content to and cooperating with a magnitude of streaming services. To retain their power that derives from their huge catalogue of master rights in the growing business of today, labels invest in content partnerships and artists globally.

This thesis adds to the understanding of value adding strategies in the recorded music business in the light of ecosystem theory. Next to this, it adds to literature on business and platform ecosystems in describing strategies concerned with complementary value creation and competition in a unique market constellation in which powerful hub companies interact with multiple platform ecosystems.

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8 Appendix

Appendix 1

Partners in Statements and Number of Mentions

Partners			Mentions by Managers of			Partner Status	Share				
Partner Category	**Partner Subcategory**	**Partner Type**	**Labels**	**Platforms**	**Total**	**Beneficiary**	**Labels**	**Rank**	**Platforms**	**Rank**	**Total**
Labels	Labels	Labels	10	31	41	Beneficiary	4,7%	4	13,1%	3	8,2%
Streaming Platforms	Streaming Platforms	Streaming Platforms	66	2	68	Beneficiary	30,8 %	2	0,8%		13,7 %
	Video Platforms	Video Platforms		1	1		0,0%		0,4%		0,2%
Social Media	Social Media	Social Media	4	2	6		1,9%		0,8%		1,2%
Creators		all creators	8	17	25	Beneficiary	3,7%		7,2%		5,0%
	music creators	Artists	60	46	106	Beneficiary	28,0 %		19,4%		21,3 %
		Engineers / Producers	3	3	6		1,4%		1,3%		1,2%
		Songrwiters	9	3	12		4,2%		1,3%		2,4%
		Session Musicians		2	2		0,0%		0,8%		0,4%
		Studios	2		2		0,9%		0,0%		0,4%
	Total		74	54	128		34,6 %		22,8%		25,7 %
	non-music Content Creators	Podcasters	1	18	19	Beneficiary	0,5%		7,6%		3,8%
		Audio Books	1	1	1		0,5%		0,4%		0,2%
		Education Providers		3	3		0,0%		1,3%		0,6%
		TV Networks		4	4		0,0%		1,7%		0,8%
		TV Procucers	1	1	2		0,5%		0,4%		0,4%
		TV Series and Docus	2		2		0,9%		0,0%		0,4%
		TV Shows		2	2		0,0%		0,8%		0,4%
		News		1	1		0,0%		0,4%		0,2%
		Film Producers	2	1	3		0,9%		0,4%		0,6%
		Gaming Industry	1	1	2		0,5%		0,4%		0,4%
		Fashion		1	1		0,0%		0,4%		0,2%
		Sports Industry		3	3		0,0%		1,3%		0,6%
	Total		8	36	43		3,7%		15,2%		8,6%
Total	Total		82	90	196		38,3 %	1	38,0%	1	39,4 %

Advertising and Brands	Advertising and Brands	Advertising Partners	4	16	20	Beneficiary	1,9%		6,8%		4,0%
		Brand Partner	3		4		1,4%		0,0%		0,8%
		Marketing Partners	2		2		0,9%		0,0%		0,4%
		Tourism Industry		1	1		0,0%		0,4%		0,2%
	Total		9	17	27		4,2%	5	7,2%	5	5,4%
Artist Related Services from neighbouring rights	Artist Managers	Ticketing	5	3	2		2,3%		1,3%		0,4%
	Live Business	Live Business	6		5		2,8%		0,0%		1,0%
	Ticketing	Ticketing	3	4	7		1,4%		1,7%		1,4%
	Merch	Merch	7	5	12		3,3%		2,1%		2,4%
	Music Publishers	Music Publishers	3	2	5		1,4%		0,8%		1,0%
	Total		24	14	31		11,2 %	3	5,9%	6	6,2%
Technology Partners	Technology Partners	Technology Partners	3	25	28	Beneficiary	1,4%		10,5%		5,6%
	Hardware / Devices Manufacturers	Smartphone manufactures		5	5		0,0%		2,1%		1,0%
	Operating System Ecosystems	Operating System		3	3		0,0%		1,3%		0,6%
	Car Entertainment	Car Entertainment	1	5	6		0,5%		2,1%		1,2%
	Voice Device Ecosystems	Voice Activated Devices	5	8	13		2,3%		3,4%		2,6%
	Game Console Ecosystems	Game Console Ecosystems		1	2		0,0%		0,4%		0,4%
	Hardware / Devices Manufacturers	Hardware / Devices Manufacturers		3	3		0,0%		1,3%		0,6%
	Apps	Apps	1		1		0,5%		0,0%		0,2%
	Total		7	25	61		3,3%	7	10,5%	4	12,2 %
Users	Users	Users	5	54	59	Beneficiary	2,3%		22,8%		11,8 %
	Users	Fans	3	1	4		1,4%		0,4%		0,8%
	Total		8	55	63		3,7%	6	23,2%	2	12,7 %
									0,0%		0,0%
	Music Entrepreneurs / Start-Ups	Entrepreneurs / Start-Ups	4		4		1,9%		0,0%		0,8%
Total			214	237	498		100,0 %		100,0%		100,0 %

Appendix 2

Beneficiaries of Platforms

Partner Category and Objective	Number of Statements	Number of partners involved
Advertising Partners		
Target customers	11	14
all creators	**57**	
build career	2	3
grow business	7	9
monetize content	14	23
share content	2	2
reach fans	23	34
get user insights	3	7
upsell services	4	9
create content	2	1
artists	**29**	
build career	10	10
grow business	1	1
share content	2	2
reach fans	10	11
get user insights	3	2
upsell services	1	2
create content	2	2
labels	**6**	
build career	1	1
monetize content	3	3
reach fans	2	3
non-music content		
integrate in ecosystem	1	1
other platform		
integrate in ecosystem	1	0
podcasters		
build career	1	2
grow business	1	1
share content	4	2
Streaming Platforms		
grow business	1	3
Technology Partners		
integrate in ecosystem	8	15
(Leer)	1	0
Users	15	
integrate in ecosystem	1	3
experience entertainment	14	21
Total	136	187

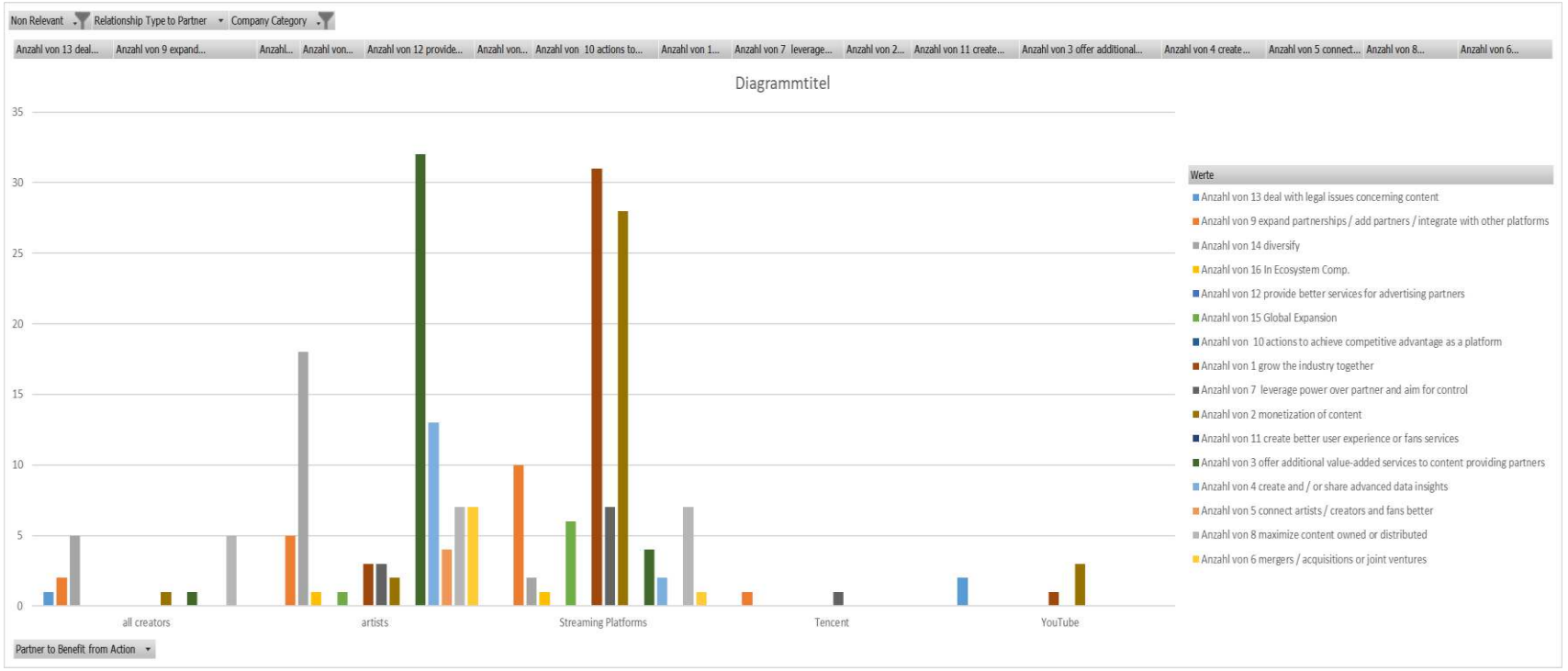
Appendix 3

Beneficiaries of Labels

Partner Category and Objective	Number of Statements	Number of partners involved
all creators	**6**	
grow business	1	3
monetize content	1	2
share content	4	8
artists	**39**	
build career	32	59
monetize content	3	4
share content	2	4
get user insights	1	3
create content	1	3
Streaming Platforms	**45**	
grow business	27	24
monetize content	17	9
share content	1	1
Tencent		
integrate in ecosystem	3	0
YouTube		
monetize content	3	2
Total	**96**	**122**

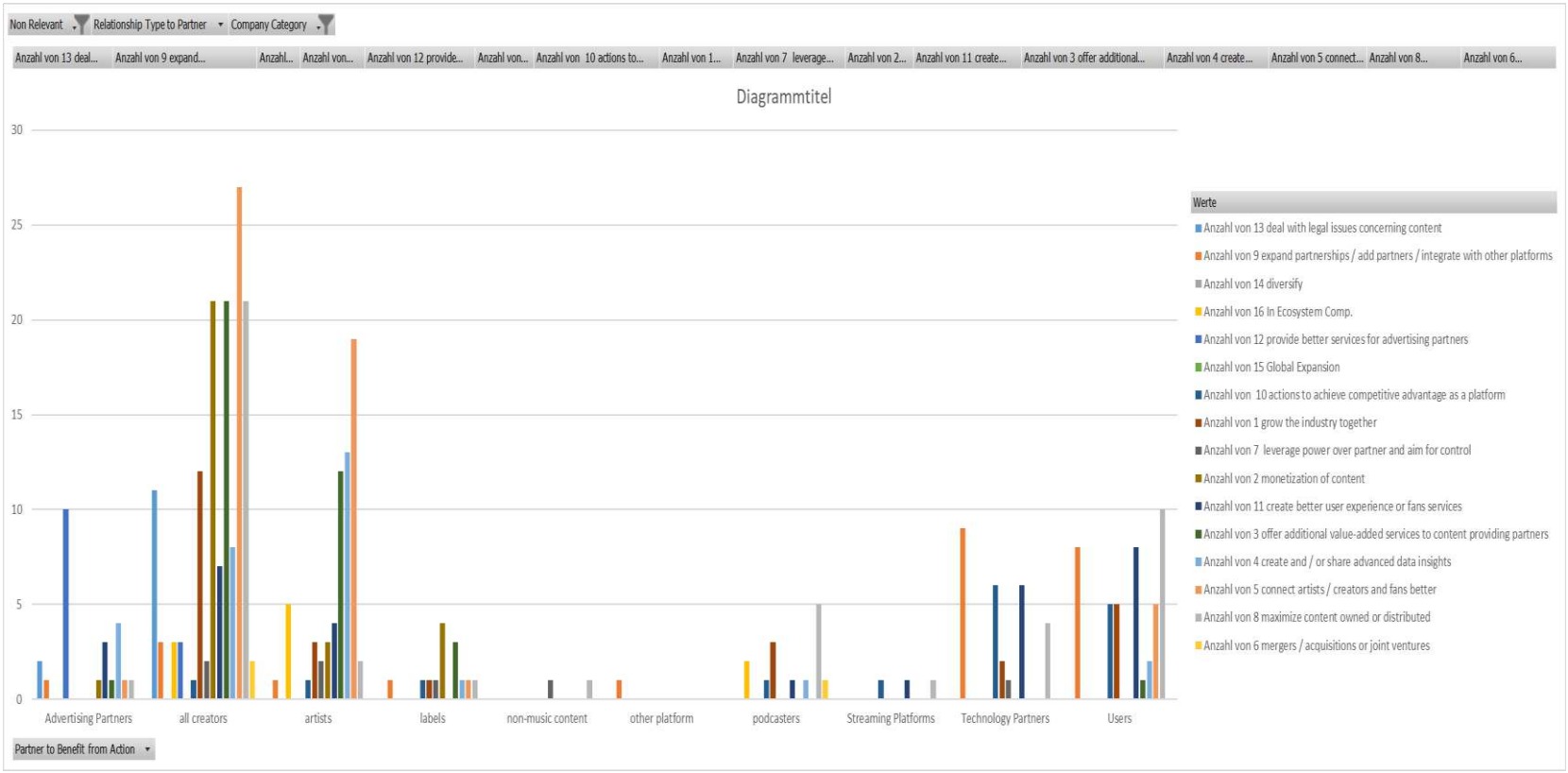
Appendix 4

Objectives of Labels Connected to Partner Categories



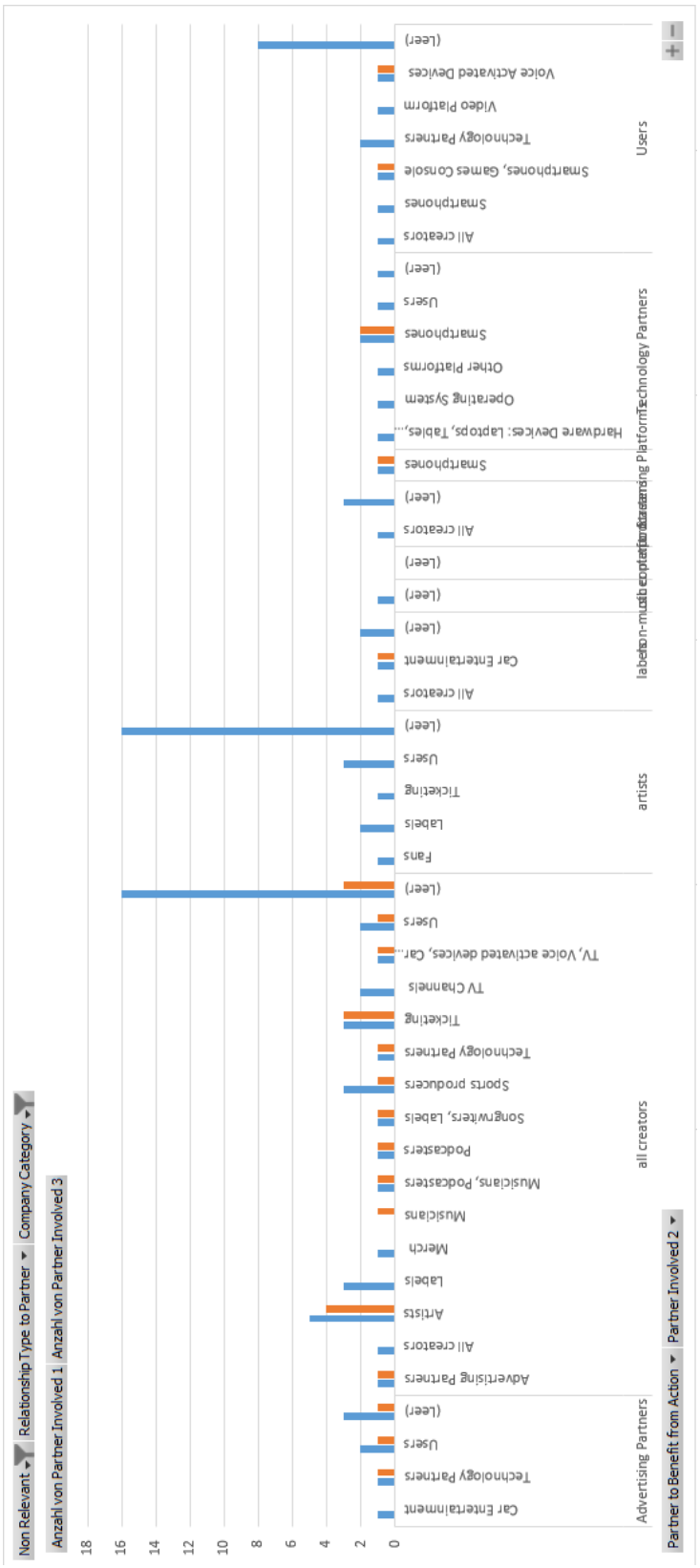
Appendix 5

Objectives of Streaming Platforms Connected to Partner Categories



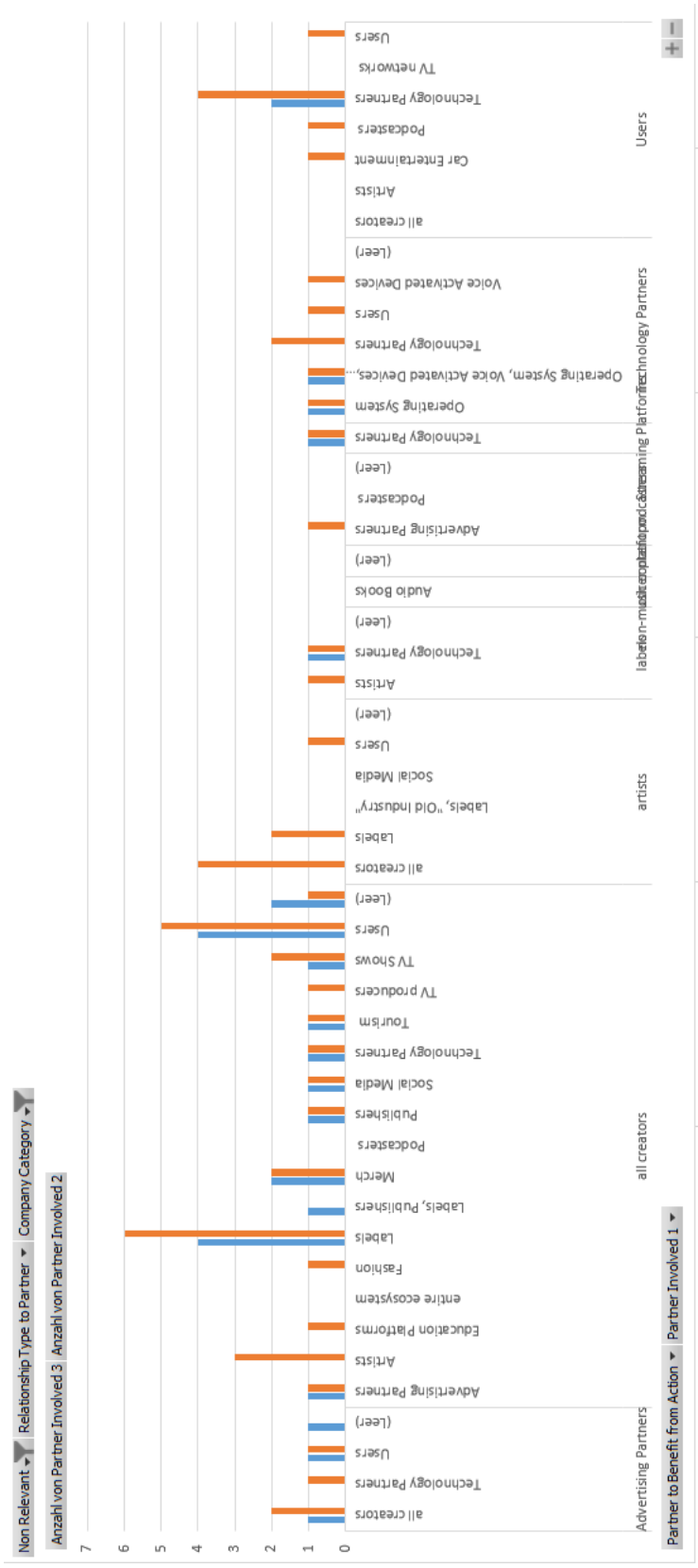
Appendix 6

Partners involved by platforms Coding Section 1



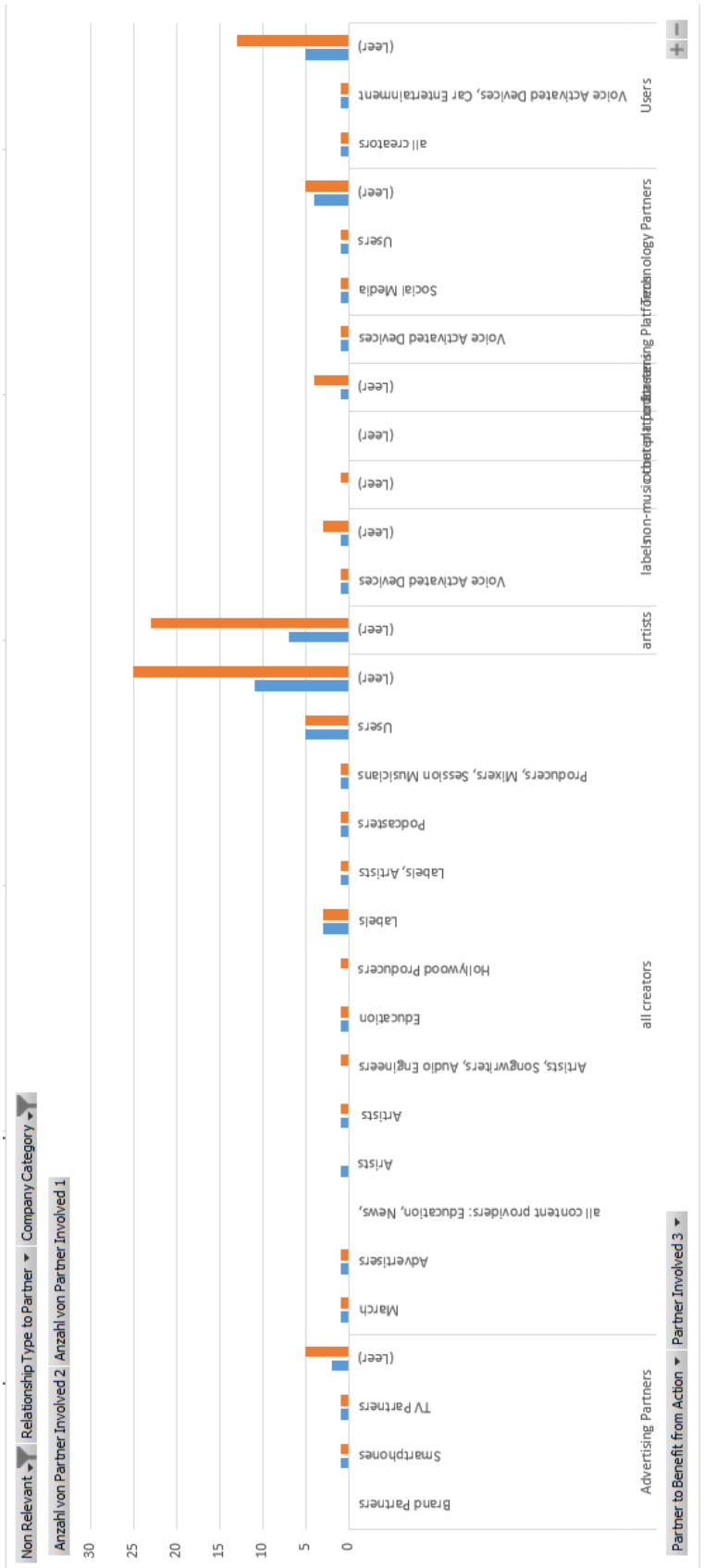
Appendix 7

Partners involved by platforms
Coding Section 2



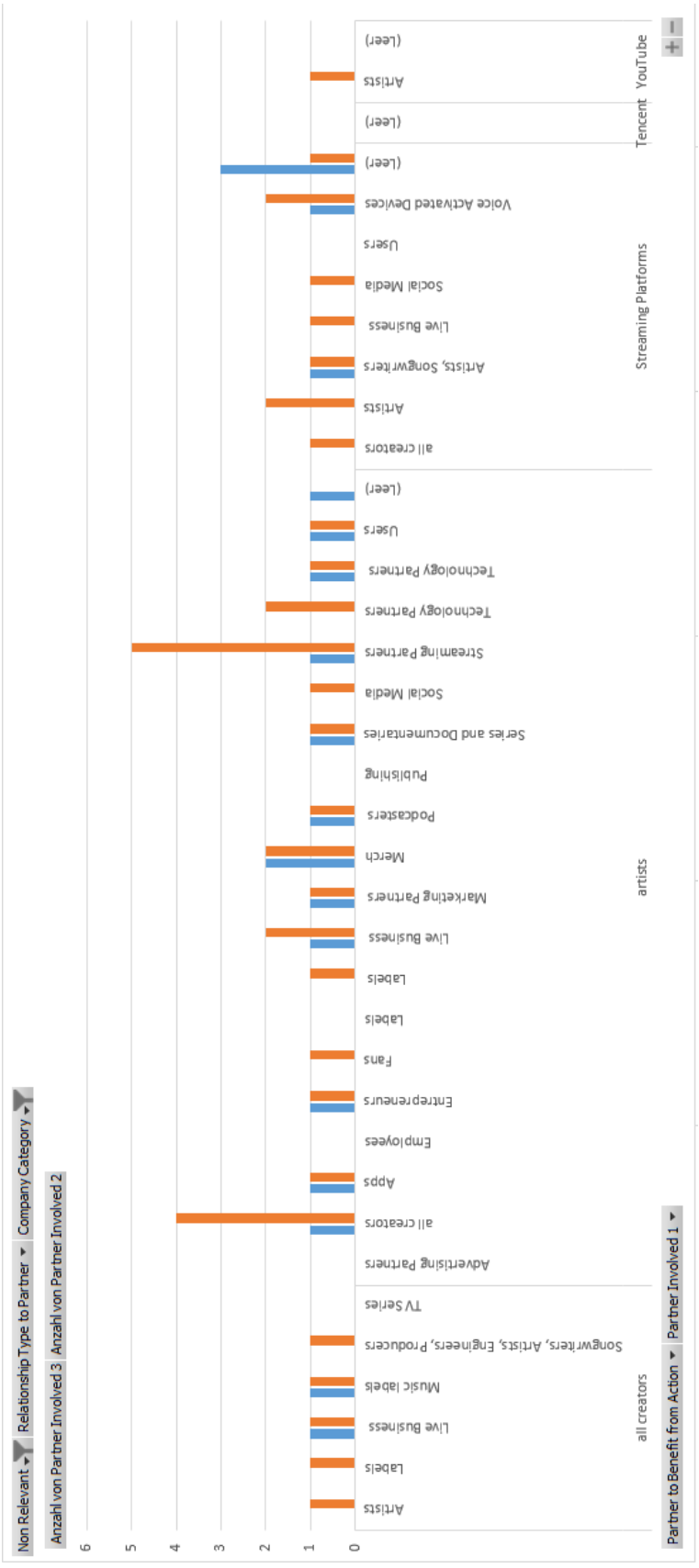
Appendix 8

Partners involved by platforms Coding Section 3



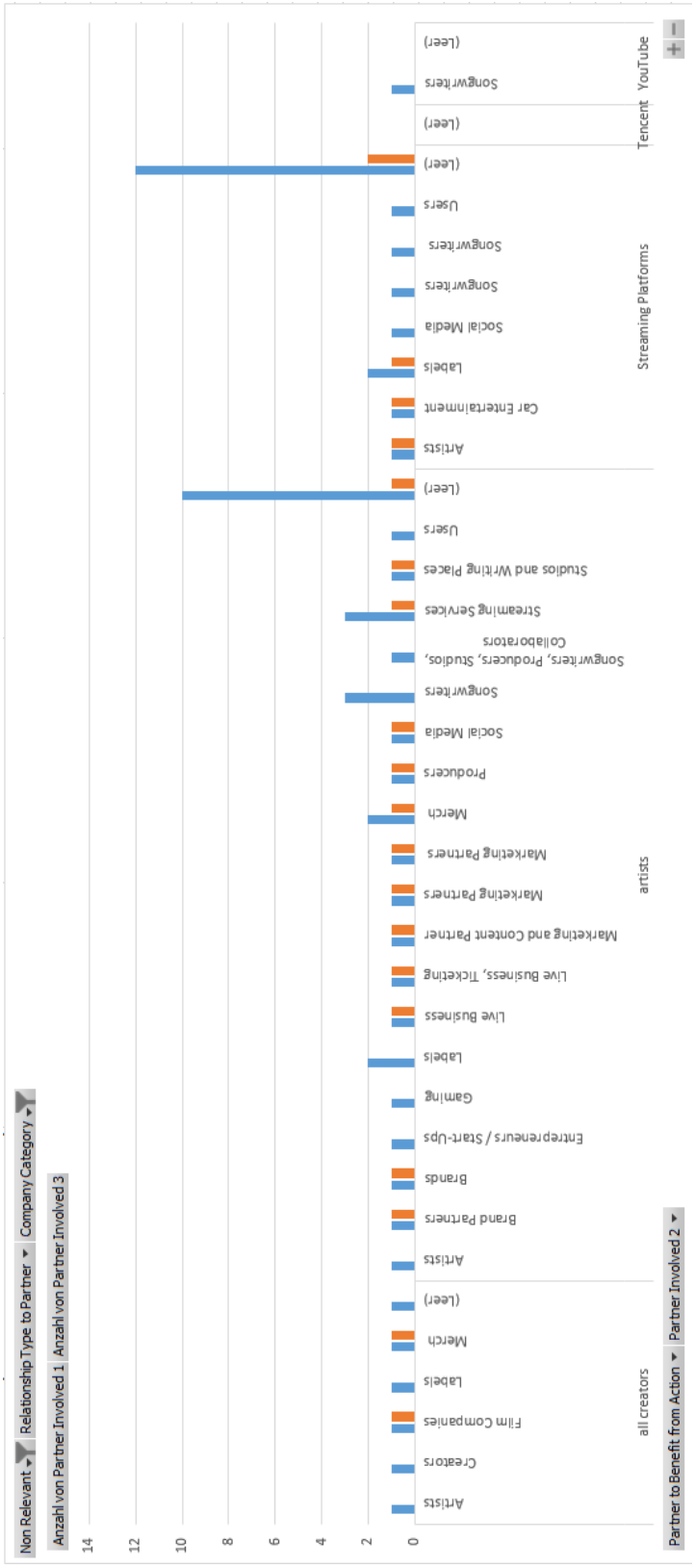
Appendix 9

Partners involved by labels Coding Section 1



Appendix 10

Partners involved by labels Coding Section 2



Appendix 11

Partners involved by labels Coding Section 3

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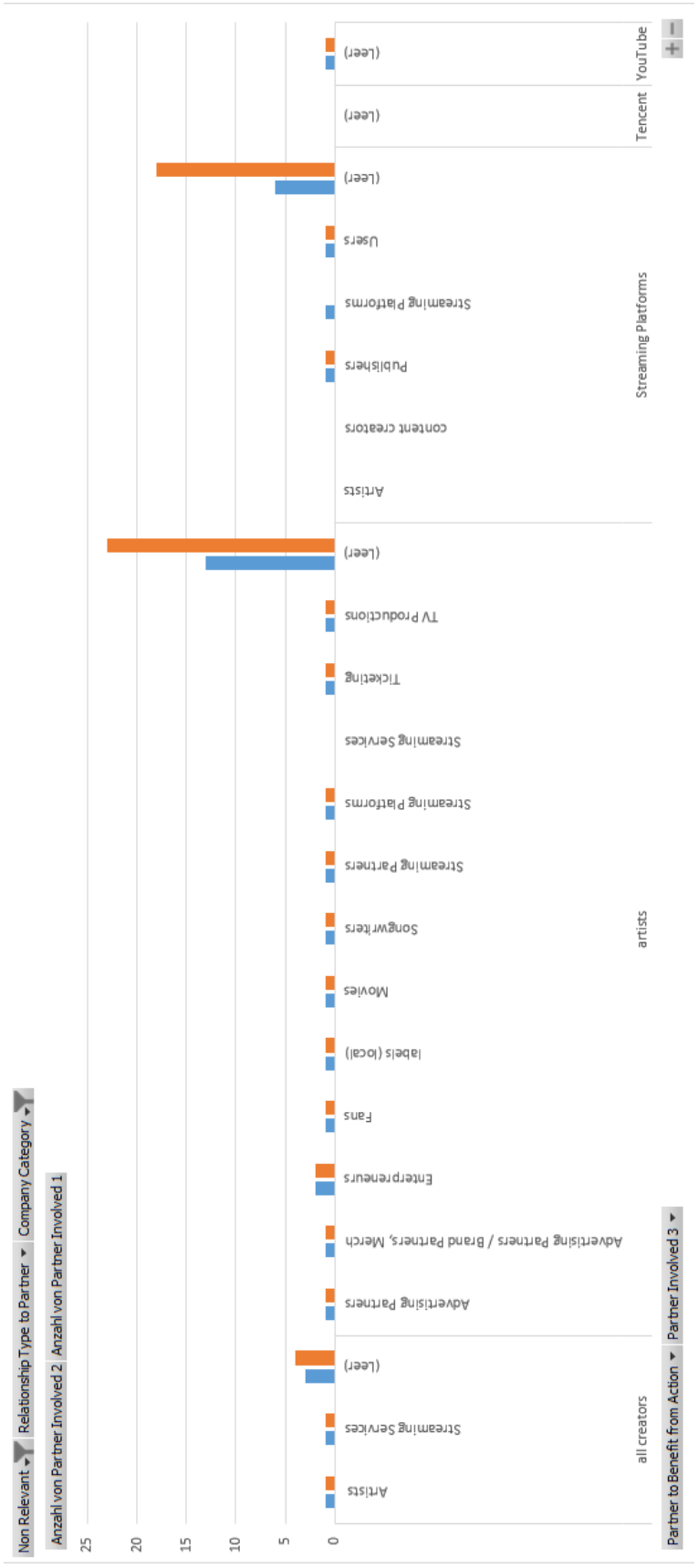

Appendix 12

List of Earnings Calls and Conference Papers

Source: Factiva Database

Coded	File	Type
Sony Corporation		
S1	Q4 2016 Sony Corp Earnings Call - Final	Earnings Call
S2	Q1 2017 Sony Corp Earnings Call - Final	Earnings Call
S3	Q2 2017 Sony Corp Earnings Call - Final	Earnings Call
S4	Q3 2017 Sony Corp Earnings Call - Final	Earnings Call
S5	Full Year 2017 Sony Corp Earnings Presentation - Final	Earnings Call
S6	Sony Corp IR Day 2017 - Final	Investors Conference
S7	Q1 2018 Sony Corp Earnings Presentation - Final	Earnings Call
S8	Q2 2018 Sony Corp Earnings Presentation - Final	Earnings Call
S9	Q3 2018 Sony Corp Earnings Presentation - Final	Earnings Call
S10	Full Year 2018 Sony Corp Earnings Presentation - Final	Earnings Call
S11	Sony Corp IR Day 2018 - Final	Investors Conference
S12	Sony Corp IR Day 2019 - Final	Investors Conference
S13	Q1 2020 Sony Corp Earnings Presentation - Final	Earnings Call
S14	Q2 2020 Sony Corp Earnings Presentation - Final	Earnings Call
S15	Q3 2020 Sony Corp Earnings Presentation - Final	Earnings Call
S15	2017_Sony Corp Corporate Strategy Meeting - Final	Investors Conference
S16	2018_Sony Corp Corporate Strategy Meeting - Final	Investors Conference
S17	2019 Sony Corp at Goldman Sachs Communacopia Conference - Final	Investors Conference
Vivendi SA		
U1	Half Year 2016 Vivendi SA Earnings Call - Final	Earnings Call
U2	Q3 2016 Vivendi SA Earnings Call - Final	Earnings Call
U3	Full Year 2016 Vivendi SA Earnings Call - Final	Earnings Call
U4	Q1 2017 Vivendi SA Earnings Call - Final	Earnings Call
U5	Half Year 2017 Vivendi SA Earnings Call - Final	Earnings Call
U6	Q3 2017 Vivendi SA Earnings Call - Final	Earnings Call
U7	Full Year 2017 Vivendi SA Earnings Call - Final	Earnings Call
U8	Q1 2018 Vivendi SA Corporate Sales Call - Final	Earnings Call
U9	Q3 2018 Vivendi SA Corporate Sales Call - Final	Earnings Call
U10	Full Year 2018 Vivendi SA Earnings Call - Final	Earnings Call
U11	Half Year 2019 Vivendi SA Earnings Call - Final	Earnings Call
U12	Event Brief of Q3 2019 Vivendi SA Corporate Sales Call - Final	Earnings Call
U13	Full Year 2019 Vivendi SA Earnings Call - Final	Earnings Call
U14	2020 Vivendi SA Annual Shareholders Meeting - Final	Investors Conference

U15	2019 Vivendi SA Annual Shareholders Meeting - Final	Investors Conference
U16	2018 Vivendi SA at Morgan Stanley TMT Conference - Final	Investors Conference
U17	Q3 2019 Vivendi SA Corporate Sales Call - Final	Earnings Call

Warner Music Group

W1	Q3 2016 Warner Music Group Corp Earnings Call - Final	Earnings Call
W2	Q4 2016 Warner Music Group Corp Earnings Call - Final	Earnings Call
W3	Q1 2017 Warner Music Group Corp Earnings Call - Final	Earnings Call
W4	Q2 2017 Warner Music Group Corp Earnings Call - Final	Earnings Call
W5	Q3 2017 Warner Music Group Corp Earnings Call - Final	Earnings Call
W6	Q4 2017 Warner Music Group Corp Earnings Call - Final	Earnings Call
W7	Q1 2018 Warner Music Group Corp Earnings Call - Final	Earnings Call
W8	Q2 2018 Warner Music Group Corp Earnings Call - Final	Earnings Call
W9	Q3 2018 Warner Music Group Corp Earnings Call - Final	Earnings Call
W10	Q4 2018 Warner Music Group Corp Earnings Call - Final	Earnings Call
W11	Q1 2019 Warner Music Group Corp Earnings Call - Final	Earnings Call
W12	Q2 2019 Warner Music Group Corp Earnings Call - Final	Earnings Call
W13	Q3 2019 Warner Music Group Corp Earnings Call - Final	Earnings Call
W14	Q4 2019 Warner Music Group Corp Earnings Call - Final	Earnings Call
W15	Q1 2020 Warner Music Group Corp Earnings Call - Final	Earnings Call

Alphabet Inc

Y1	Q4 2016 Alphabet Inc Earnings Call - Final	Earnings Call
Y2	Q1 2017 Alphabet Inc Earnings Call - Final	Earnings Call
Y3	Q2 2017 Alphabet Inc Earnings Call - Final	Earnings Call
Y4	Q3 2017 Alphabet Inc Earnings Call - Final	Earnings Call
Y5	Q4 2017 Alphabet Inc Earnings Call - Final	Earnings Call
Y6	Q1 2018 Alphabet Inc Earnings Call - Final	Earnings Call
Y7	Q2 2018 Alphabet Inc Earnings Call - Final	Earnings Call
Y8	Q3 2018 Alphabet Inc Earnings Call - Final	Earnings Call
Y9	Q4 2018 Alphabet Inc Earnings Call - Final	Earnings Call
Y10	2018 Alphabet Inc Annual Shareholders Meeting - Final	Investors Conference
Y11	Q1 2019 Alphabet Inc Earnings Call - Final	Earnings Call
Y12	Q2 2019 Alphabet Inc Earnings Call - Final	Earnings Call
Y13	Q3 2019 Alphabet Inc Earnings Call - Final	Earnings Call
Y14	Q4 2019 Alphabet Inc Earnings Call - Final	Earnings Call
Y15	Q1 2020 Alphabet Inc Earnings Call - Final	Earnings Call
Y16	Alphabet Inc at Goldman Sachs Technology & Internet Conference - Final	Investors Conference
Y17	2018 Alphabet Inc at Morgan Stanley Technology, Media & Telecom Conference - Final	Investors Conference

Y19	2017 Alphabet Inc at Morgan Stanley Technology , Media & Telecom Conference - Final	Investors Conference
Y20	2016 Alphabet Inc at Credit Suisse Technology, Media, and Telecom Conference - Final	Investors Conference
Y21	2016 Alphabet Inc at Morgan Stanley Technology, Media & Telecom Conference - Final	Investors Conference
Y22	2020 Alphabet Inc at Goldman Sachs Technology & Internet Conference - Final	Investors Conference
Y23	2020 Alphabet Inc at Morgan Stanley Technology, Media & Telecom Conference - Final	Investors Conference
Y24	2019 Alphabet Inc at Morgan Stanley Technology, Media & Telecom Conference - Final	Investors Conference
Y25	2017 Alphabet Inc at Credit Suisse Technology, Media and Telecom Conference - Final	Investors Conference

Spotify SA

SP1	Q1 2018 Spotify Technology SA Earnings Call - Final	Earnings Call
SP2	Q2 2018 Spotify Technology SA Earnings Call - Final	Earnings Call
SP3	Q3 2018 Spotify Technology SA Earnings Call - Final	Earnings Call
SP4	Q4 2018 Spotify Technology SA Earnings Call - Final	Earnings Call
SP5	Q1 2019 Spotify Technology SA Earnings Call - Final	Earnings Call
SP6	Q2 2019 Spotify Technology SA Earnings Call - Final	Earnings Call
SP7	Q3 2019 Spotify Technology SA Earnings Call - Final	Earnings Call
SP8	Q4 2019 Spotify Technology SA Earnings Call - Final	Earnings Call
SP9	Q1 2020 Spotify Technology SA Earnings Call - Final	Earnings Call
SP10	2019 Spotify Technology SA at Morgan Stanley Technology, Media & Telecom Conference - Final	Investors Conference
SP11	2020 Spotify Technology SA at Morgan Stanley Technology, Media & Telecom Conference - Final	Investors Conference
SP12	2019 Spotify Technology SA at RBC Capital Markets TIMT Conference - Final	Investors Conference
SP13	2019 Spotify Technology SA at Goldman Sachs Communacopia Conference - Final	Investors Conference
SP14	2018 Spotify Technology SA at Goldman Sachs Communacopia Conference - Final	Investors Conference
SP15	2018 Spotify Technology SA Investor Day - Final	Investors Conference

Appendix 13

List of Annual Reports

Code	File	Source
AR1	Spotify Annual Report 2019	https://s22.q4cdn.com/540910603/files/doc_financials/2019/ar/Spotify-2020-AGM-Annual-Report-on-Form-20-F.pdf
AR2	Alphabet Annaul Report 2019	https://abc.xyz/investor/static/pdf/2019_alphabet_annual_report.pdf?cache=c3a4858
AR3	Financial Statements and Consolidated Financial Results for the Fiscal Year Ended March 31, 2020	https://www.sony.net/SonyInfo/IR/library/presen/er/pdf/19q4_sony.pdf
AR4	Financial Report for the Year 2019 Vivendi	https://www.vivendi.com/wp-content/uploads/2020/02/20200213_VIV_Financial-Report-and-Consolidated-Financial-Statements-FY-2019.pdf
AR 5	Warner Music Group Corp. Reports Results for Fiscal Fourth Quarter and Full Year Ended September 30, 2019	https://www.wmg.com/news/warner-music-group-corp-reports-results-fiscal-fourth-quarter-and-full-year-ended-september-3-6