

THAT'S WHAT MAKES YOU SUCCESSFUL: AN ANALYSIS OF THE REQUIRED CONDITIONS FOR AN INTERNATIONALLY SUCCESSFUL MUSIC INDUSTRY

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Abstract

The production, distribution, and consumption of music are highly international transactions. In the past, what made them so was the proliferation of American music throughout the rest of the world. Recently, however, things have begun working in reverse. In other words, there has been an increase in the amount of "foreign," or non-American, music that has been able to permeate the American music industry. The music that has been able to do so has predominantly come from Europe and South Korea.

This paper attempts to identify the necessary pre-conditions that a country must have in order for its music industry to be strong enough to permeate American charts. Original research was conducted through the examination of past years' Billboard Hot 100 charts in order to identify the countries that have been successful in permeating the American music industry. From there, three case studies—the U.K., South Korea, and China—were identified. Scholarly literature that addressed what could potentially cause "success" on a theoretical level was then examined and used to form a hypothesis regarding what the pre-conditions for success might be. Finally, the hypothesis was tested by examining whether or not these pre-conditions were present in the "successful" and "unsuccessful" case studies.

Introduction and Background

Time has been marked by popular music—from the Beatle-Mania dominated sixties to the rise of MTV in the eighties; from Michael Jackson's

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Clocks & Clouds: Journal of National and Global Affairs, 2015, 5, (61-79)
<<http://www.american.edu/clocksandclouds/>>
HBP Publishing <<http://www.hbp.com/>>



release of *Thriller*, to Milli Vanilli's lip-synch scandal; from the 2003 Britney-Madonna VMA kiss, all the way to the current "Beliebers" and "Directioners" battling it out on social media. This evolution of music is by no means one-dimensional—the sound has changed, the subject matter has changed, the image has changed. Yet, there is one other change that I would argue is immensely important, if for no other reason than the fact that its implications extend far beyond the world of entertainment. This change is internationalism.

The American music industry has been what I would like to call "cannibalistic," meaning that Americans tend to consume American music. Recently, however, other countries have begun to emerge as big players within the music industry. As the proverb of the tortoise and the hare goes: slow and steady wins the race. With the American music industry being the hare in this analogy, the question is: Who are the tortoises? This paper will explore the causes behind why some foreign music industries have been able to successfully catch up to, and permeate, the American music industry, while others have not.

The underlying assumption I am making, and the assumption that I will later base my hypothesis off of, is that the music industry responds the same way to economic forces as any other rational actor in the economy would. With this assumption in mind, I begin by reviewing the existing literature surrounding "success"—how it is achieved, and so on.

Following the literature review, I examine the identified general requirements for success in relation to the music industry and seek to explain, on a theoretical level, why these factors might be necessary to achieve success. Next, I will explore these three factors in relation to case studies, connecting the theoretical to the actual. And finally, I will conclude this paper with an analysis of the results and implications from this research.

Literature Review

The literature identifies three main requirements for general economic success to be achieved. The first is agglomerations, the second is access to technology, and the third is the ability to monetize the product in question.

To begin, an agglomeration economy refers to an area that is densely comprised of similar businesses and firms (Cohen et al. 2010). The reason why agglomeration economies are important for success lies in the fact that "cost reductions occur because economic activities are located in one place" (McDonald and McMillen 2006). For example, the geographical closeness of these similar businesses and firms make it so that people who are interested, or

perhaps even specialize, in the particular field in question will then concentrate in the particular agglomeration area (Malmberg and Maskell 2002). This is due to the fact that the agglomeration areas will have an abundance of jobs in that particular field, making it a logical choice for people who work in that field to reside nearby.

The effects of this labor concentration are beneficial to the businesses and firms of the particular agglomeration for which the labor has been pulled. Transaction costs involved in finding, hiring, and training new workers is mitigated due to the concentration of labor. What is more, this concentration of labor reduces costs in and of itself due to the "flow of knowledge spillovers" (Gabe and Abel 2010). Having specialized labor, and thus specialized knowledge, concentrated in a particular region benefits the businesses and firms for which that knowledge and labor applies due, in part, to the sheer abundance of it, but also due to the fact that, again, having such a concentration reduces transaction costs.

Additionally, agglomeration economies make it cheaper to produce certain goods or services due to the pre-establishment of infrastructure and the abundance, and consequential cheapness, of "intermediate inputs" (Gabe and Abel 2010). Essentially, infrastructure works as a sunk cost—a cost that cannot be regained once made. If other firms cluster around an area at which these sunk costs in infrastructure have been made, however, the new firms themselves do not have to pay these costs. Similarly, the concentration of related firms makes it so that there is an abundance of, as well as easy access to, intermediate goods. Therefore, input costs are reduced as well. As a result, companies within an agglomeration economy that produce that agglomeration good become competitive.

The second identified factor of success is access to modern technology. While technology is a broad field, and while each component within the technological field no doubt plays a role in economic success, the aspect of technology that I am interested in looking at is the Internet.

On the general level, the ability to access the Internet plays a huge role in economic growth. According to a paper by James Manyika and Charles Roxburgh, the Internet engages more than two billion people and facilitates the transaction of more than eight trillion dollars a year (2011). These benefits, they claim, are the results of a plethora of different outcomes of Internet use. On one hand, they also note that the Internet has been a net producer of jobs—while it has rendered certain professions obsolete, it has, ultimately, created more than it has destroyed. They also attribute the Internet with developing human capital, mainly by making access to information much easier.



In tandem with this idea, Charles Kenny wrote that the Internet “appears to be a good candidate as a growth-promoting technology” (2003). They point to the relatively low cost of the Internet as a form of communication, as well as the fact that the Internet can produce positive externalities. Therefore, it is reasonable to claim that the ability to access the Internet plays a key role in economic growth.

Finally, the literature suggests that innovation is the key to economic growth (Chari et al. 2009). Yet, the question still remains—what causes innovation? The answer is profitability—connecting product to profit, work to reward, is a necessary step to insure innovation. This stems mainly from the fact that innovation is risky—creating something new has its costs, and yet, due to the newness and unknown consumer reaction to this new product, there are no guaranteed rewards. Thus, any steps that are taken to heighten the likelihood of profits heighten the attractiveness, and thus the likelihood, for innovation (Masangkay 2013). The question I am concerned with, therefore, is how products are ensured a profit, or, in other words, how the bridge between products and profits is made certain.

The literature mainly focuses on establishing a legal connection between products and profits. This is done through copyright law. One way that copyright law helps monetize a product is by mitigating the free-rider costs involved with innovation—if something is invented in a world without copyright law, there is nothing preventing another person from creating this product themselves, the difference being that they did not have to invest the time and money in actually *innovating* the product (Novos and Waldman 1984). Thus, in a world without copyright law, the incentive to innovate is much lower than in a world with copyright law, since in the world without, profits from innovation are easily lost. This idea is concurred by Hurt and Schuchman who write that “potential publishers might incur technological and risk costs which may be avoided by competitors who can copy a publisher’s costs; hence, there will be no incentive to publish in the first instance” (1966).

Returning to the question at hand—what allows the music industries of foreign countries to successfully permeate the American music industry—there are now three possible requirements.

Measuring Success

I have used the U.S. Billboard Hot 100 charts to figure out which countries over the past few years have been able to produce music that has been successful in the U.S. One drawback to the Billboard's Hot 100 is that it has no fixed formula. Instead, it is a "ratio of sales (35-45%), airplay (30-40%) and streaming (20-30%)" (Trust 2014). Therefore, there are inconsistencies week-to-week in the way that the Hot 100 is calculated. However, the formula's parameters are not so varying that huge discrepancies are likely to occur. In addition, this measure of success is suitable for addressing my research question since it takes into account a wide range of variables. My research question seeks to understand what enables foreign countries to permeate the American music industry; therefore, "success" is not so much revenue or profit, but rather proliferation.

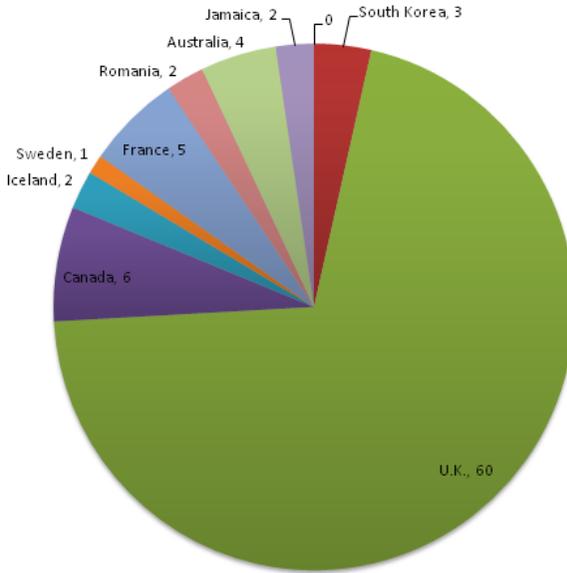
Since the Billboard Hot 100 charts are published weekly, I looked at the charts released between 2010 and 2013 on the last weeks of January, June, and November. The rationale for this is that January captures the end of the year charts, while June captures "summer sales," and November captures "holiday sales," thus giving a comprehensive overview of that year's music distribution. I then sorted the individual songs into three categories—domestic (U.S.), foreign, and, lastly, foreign artists produced domestically.

Of these categories, "foreign artists produced domestically" will be disregarded since I am interested in the music industry of certain countries, rather than individual artists. Therefore, if an artist from abroad produces music domestically using domestic infrastructure and resources, he or she would not constitute as foreign. There is also a distinction between operating in the United States and operating under an American music label. Operating under an American label while still being abroad would constitute, by my measurement, as "foreign." In fact, the prevalence of American music labels within another country could potentially be a cause of a country's success and, therefore, excluding that section of data would actually be ignoring a potential explanation to my research question (I will soon address this in greater detail). Conversely, then, an artist from the U.S. who operates abroad would constitute as "foreign" and, similarly, any artist operating in a country that is not their country of origin would be counted for the country in which they work and reside (this tends to apply to Irish artists operating in the U.K.).



The last step was to organize the “foreign” category by country. The chart below illustrates my findings.

Foreign Hot 100 Songs – Cumulative Last Weeks of Jan., July, Nov. 2010-2013



(Billboard Jan. 2010, Nov. 2010, June 2010, Jan. 2011, Nov. 2011, June 2011, Jan. 2012, Nov. 2012, June 2012, Jan. 2013, Nov. 2013, June 2013)

Based upon this chart, the U.K. has been the most successful in permeating the American music industry, followed by Canada, France, Australia, and South Korea. This conclusion will guide my case study selection.

Methodology & Hypothesis

Based on the data gathered above, I will be working with three case studies: the U.K., South Korea, and China. The U.K. and South Korea have both been selected for their prevalence in the Billboard Hot 100 charts over the last few years. As is evident from the pie chart above, the U.K. makes up a majority of foreign Hot 100 songs. As for South Korea, I am choosing to use it as my second case study since it is non-Western and non-English speaking. This will help factor out causes airing towards the taste and preference category, such as similar language or culture. Lastly, I am choosing China as my final case study due to its *absence* from the Hot 100 charts, allowing me to draw conclusions with more confidence.

While there are many countries that were absent from the Hot 100 charts, and thus many countries that could have been chosen in place of China, I am choosing to examine this case study due to the magnitude and significance of it. China has the largest population on the planet, as well as one of the largest and most rapidly growing economies. Thus, the successfulness or unsuccessfulness of China's music industry would have tremendous implications. As a result, I find that examining China not only fulfills the need to include a "non-successful" case study, but also adds one of the key players in the world economy into the study.

Combining the results from the breakdown of the Hot 100 charts along with the results from the literature review, my hypothesis is that the three factors that were identified as necessary for economic success—agglomerations, access to technology (namely the Internet), and the ability to connect profits to production—are the three main causes of a successful breakthrough of a foreign country's music industry into the United States' music industry. I expect that agglomerations, accessibility of modern technology, and the ability to monetize music will be prevalent in South Korea, but absent in China. The rest of this paper will serve to explain why these factors cause successful music industries, examine the scholarly research done on these topics in relation to my case studies, and draw a conclusion regarding what causes countries to successfully permeate the American music industry.

Agglomerations

Theoretical Effects of Agglomerations

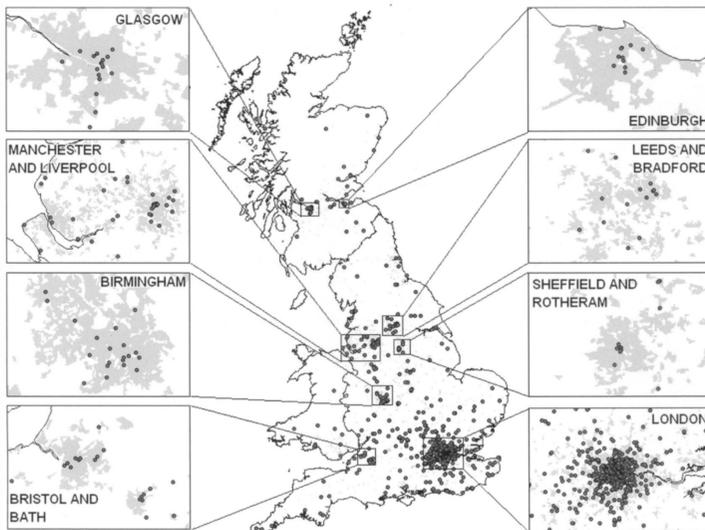
In the literature review, it has been established that agglomerations are generally beneficial to firms and businesses. The question now is whether or not this holds true for the music industry. On the theoretical level, it should.

In order for a music industry to thrive, it needs talent and it needs output. Therefore, one of the main costs of the music industry includes "A&R," which stands for artists and repertoire—the process of finding and recording artists (Gerben 2014). In theory, a non-agglomeration industry would have a harder time with A&R. If the region that the industry is operating in has no agglomerations, it would be reasonable to presume that that region is not known for its music production, and thus talent would be scarce. The A&R costs would increase since it would be harder to find artists to record. As a result, a country without musical agglomerations would be at a disadvantage,

since the input costs of producing music exceed those of the agglomeration country.

Agglomerations in the United Kingdom

Allan Watson of the Department of Geography at Loughborough University investigated the geographical distribution of music production companies in the U.K. Overall, Watson looked at the spatial distribution of 1,310 record label and music publishing firms. The results of his findings are shown below.



Spatial Distribution of Record Companies in the UK (Watson 2008)

As seen, London is the location of a music agglomeration. The actual number of firms located in London is 701, or 54% of all the firms in this study. Speaking directly to my research question, Watson writes that the success of music from the U.K. in reaching the U.S. “has been in large part due to the way the band is marketed.” By being able to gear their marketing strategies to American markets, U.K. music firms gave themselves a competitive edge. Watson then credits agglomerations with providing easy knowledge transfer, and one of the categories of knowledge is knowledge of marketing strategies. It is evident from the research that has been done on the geography of music firms in the U.K. that London is indeed the location of a music agglomeration. Such an agglomeration provides services like reduced input costs and knowledge transfer, making the music firms within the agglomeration competitive.

Agglomerations in South Korea

South Korea, another country to have successfully permeated the American music industry, goes about agglomerations in a slightly different way than does the U.K. The traditional agglomeration is comprised of a concentrated and extensive number of firms within a certain location. South Korea has taken this idea and shrunk it down into what are called "Academies." The academy system takes children from a young age and trains them to be popular musicians. This training includes everything from singing and dancing to image construction (Hyunjoon 2009).

The academies serve to eradicate a lot of the same problems that agglomerations do. For one, the problem and expense of scouting talent is lowered since, like with agglomerations, aspiring artists recognize the academies as a way of becoming successful and consequently seek them out, giving the academies easy and abundant access to talent (Shin and Kim 2013). By some estimates, over three million hopefuls audition for entrance to the SM Entertainment (one of the biggest South Korean music companies) academies annually (Shin and Kim 2013). In addition, the densely packed academies, which house artists as well as voice and instrument coaches, dance coaches, and marketing teams, allow for the knowledge-transfer that Watson identified as another agglomeration benefit.

While South Korea may not have agglomerations in the traditional sense, it has created a system that works to lower production costs, transfer knowledge, and provide key marketing strategies in the same way that typical agglomerations do. Therefore, these academies serve as modern agglomerations—producing efficiency and, ultimately, success. The last step in determining whether agglomerations play a role in the success of a music industry is to identify whether they are present in a non-successful country.

Agglomerations in China

There is not a lot of data on music agglomerations in China, which is telling in and of itself. However, studies regarding "creative industries" have emerged. These creative industries are comprised of several different fields, the result being that "music and video production" is one out of fifty-seven categories.



Classifications of Creative Industries (Ye 2008)

Clusters		
Gardening, Display Arts & Porcelain	Legal Services	Publishing
Metal Arts	Consultancy & Surveying	Radio Broadcast
Lacquer Arts	Advertising	TV Broadcast
Flower Painting Arts	IPR Services	Film
Natural Fibre Knitting	Tourism Organisation	Music & Video Production
Embroidery	Other Business Services	Artistic Creation & Performance
Carpets	Engineering Research & Development	Arts & Performing Arts Sites
Jewellery & Related	Agriculture Sciences & Development	Archaeology Relics & Protection
Other arts & crafts	Medical Research & Experiment	Museum
Telecommunication	Engineering Technology & Planning	Community Cultural Activities
Internet Info Services	Other Professional Services	Culture & Arts Brokerage
Broadcasting & TV transfer	Intermediary for Technology	Other Culture and Arts
Satellite Transfer Services	Other Scientific Services	Sports Organisation
Computer Systems Services	Tourism Site & Management	Sports Sites
Data Processing	Haircutting & Beauty Saloon	Other Sports
Other Computing Services	Wedding Services	Indoor Entertainment
Public Software	Photography & Film Development	Scheme Parks
Other Software	Other Education	Leisure & Exercises
Business & Management Consultancy	Newspaper	Other Entertainment

A review of the literature on these emerging Chinese “creative clusters” concludes with two things: Firstly, these “clusters” are not yet full and established agglomerations. Secondly, the rate at which different categories within the “creative clusters” are growing is not consistent. So while many scholars argue that they are in the *process* of becoming agglomerations (Hong et al. 2014), the truth is that, currently, they are not.

On the theoretical level, the presence of music agglomerations can logically be linked to the success of a country’s music industry. When tested against three case studies, this hypothesis holds up—the two countries that have been successful in permeating the American music industry both contain musical agglomerations, while the country that has failed to permeate the American music industry lacks agglomerations. Next, I will explore the role of technology in the success of a music industry.

Modern and Accessible Technology

Theoretical Effects of Technology

When talking about "technology" in the music industry, I am referring mainly to the Internet. The Internet has changed the way in which music is bought, sold, and produced. This can be seen by the "rise of online music distribution such as Apple's iTunes music store, [and the] replacement of specialized music retailers such as Tower Records" (Hracs 2012). In terms of production, "[musicians] have always been able to create...music on their own but the recording, manufacturing, marketing, and distribution of these songs required capital skills beyond the grasp of most individual musicians" (Hracs 2012). The emergence of YouTube and other audio and video sharing websites has made it monetarily possible for artists to self-produce their music.

As a result, countries wherein the people have access to this modern technology have an advantage since the easiness of producing music will allow more musicians to hit the market. Of course, this does not guarantee "success" in the music industry, and in fact very few of songs that reach the Billboard Top 100 are independently produced. However, self-producing music via the Internet can be used as a stepping-stone for artists to gain recognition by major labels, which then can lead to them breaking through the U.S. Billboard Hot 100. In addition, referring back to the previous section on agglomerations, the Internet helps cut A&R costs as well. Scouting talent is made easier when the talent agencies have access to the Internet, since logging on to YouTube is a quick and inexpensive way to scope out new artists.

Lastly, it is important to remember how success is being measured. The Billboard Top 100 is comprised of several different factors, one of which is "streaming." If a country does not have access to modes of streaming music, then they are being left out entirely from that category. So does this theory hold up in actuality?

Modern and Accessible Technology in the United Kingdom

The U.K. has indeed seen the effects of the prevalence of modern and accessible technology on their music industry, and the effects are as predicted. In line with Hracs' article, Robert Strachan has identified a rise in what he calls "DIY" music, meaning independent labels and self-produced artists (Strachan 2007). In fact, referring back to the agglomerations chart from earlier, Watson claims that many of the music firms outside of London are relatively new



independent record labels (Watson 2008). Strachan also acknowledges that success does not come from these “DIY” projects alone; but rather, as discussed earlier, the DIY projects can act as a stepping-stone for an artist who aspires to be signed to a bigger label (Strachan 2007). The fact that the U.K. music industry is seeing many of the anticipated changes that come along with access to modern and accessible technology, and is successful in breaking through the American music industry, suggests that the prevalence of such technology is in fact a key factor in “success.”

Modern and Accessible Technology in South Korea

The South Korean pop music industry has harnessed modern technology differently than the U.K. has, but to the same effect. Rather than artists using YouTube as a way of gaining attention from major labels that then go on to make them internationally successful, the South Korean music companies use YouTube as a means of proliferating, and profiting from, their music. By providing music through YouTube, the listeners (or consumers) of music do not have to pay; however, the music company can collect royalties from advertisements streamed before the video begins playing (Oh and Park 2012). Therefore, the Internet has made the Korean music industry competitive by allowing it to drastically alter its prices to the total amount of *nothing*, while simultaneously allowing it to garner profits.

Modern and Accessible Technology in China

The last step in establishing “accessible modern technology” as a crucial feature in a music industry’s success is to look at a country that has not had success in the music industry and determine whether or not this factor is present. The Economist ran an article in June of 2014 naming six of the biggest Internet sites that are currently blocked in China. Among the six is Google (Frizell 2014), which in 2006 purchased YouTube (BBC News 2014), making it a two-for-one deal for China: block Google, and YouTube is blocked as well. This suggests that China’s music industry does not receive the A&R benefits that the Internet provides to the U.K., nor does it receive the royalty and price-competitive benefits that are received by South Korea.

It is possible to conclude, then, that accessibility to modern technology plays a role in determining whether a country can successfully break into the international music industry. This can be seen by the fact that countries that have made the U.S. Billboard’s Top 100 charts in the past few years not only

have free and relatively unrestricted access to the Internet, but also manage to utilize it as a way of promoting their music, whereas China, which has not been able to break into the U.S. Billboard charts, has heavily censored Internet access, especially on websites that have been identified as promoters of the music industry, such as YouTube.

Monetization

The last factor to examine is monetization. Basically, can the music industry of a certain country ensure that music will be turned into money and, perhaps more importantly, that the money will reach those who produce it? Without a proper method of monetizing music, there is no incentive for artists and producers to create and sell it.

Monetization in the United Kingdom

While technology—namely the Internet—certainly benefits the music industry, one problem has arisen as a result of it: music piracy has become easier than ever. This leads to problems with monetization because the money that had previously reached the artists and producers through the purchase of music no longer exists. The U.K. has tackled this through strong copyright laws and regulations on music piracy, which “provides the framework for transactions in the cultural industries and enables...firms to appropriate returns on their investment, therefore increasing the incentive to supply” (Towse 1999). By creating and enforcing laws that ensure the profits from music creation go to those who have worked to produce it, the incentive to produce music is maintained.

Monetization in South Korea

The approach that the South Korean music industry has taken in tackling the issue of appropriately monetizing music and ensuring that the proper dues get paid to artists and producers diverges from the U.K.’s approach, and falls more in line with a topic discussed earlier—making the music free, and then roping in sales through alternative methods. Unlike the U.K., South Korea’s digital networks “remain rife with pirate materials of all kinds” (International Intellectual Property Alliance 2007). While the government is working on changing its policies such that a crackdown on piracy will be possible, the music industry of South Korea has taken matters into its own



hands and simply restructured the way it makes money. As discussed earlier, a lot of Korean artists choose to stream their music for free by putting videos on YouTube and other audiovisual-transmitting websites. With the weak laws and regulations in place, this simply cuts to the chase. The benefit is that the artists are able to make money off of the advertisements that play before the clips, therefore working around the lax copyright law, and ultimately succeed in monetizing music such that the profits reach the producers.

Monetization in China

China does not see music copyright as a high priority. This is mainly due to the fact that the government believes creating stronger copyright law would have very few domestic benefits, due to the fact that most music consumption in China is foreign (Liu 2010). What the Chinese government has failed to acknowledge is the possibility that the lack of copyright law is reinforcing the stagnation and irrelevance of the Chinese music industry. China's music industry, to begin with, languishes. However, without copyright law, there is no economic incentive to invest in the music industry, meaning that agglomerations cannot be created and, even if the technology were accessible, there would be no economic incentive to produce music since it could easily be pirated. In addition, the restrictions on Internet access limit the ability of the Chinese music industry to monetize music through alternative methods in the way that South Korea has managed to do.

Limitations and Further Research

This paper is only a beginning exploration into what I am sure is a much deeper and more complex international industry. One limitation of this research is simply the timeframe to which it applies. The data collected here looks at trends that have occurred over the past few years; however, to better understand what causes countries to establish successful and strong music industries, it might be necessary to look back in history and examine previous time periods where music internationalized. A comparison of the three factors that are identified as necessary for success today with the music industry in the past would provide an interesting insight into the robustness of this argument throughout time.

In addition, a follow-up study might attempt to widen the scope and generalizability of these findings. In this paper, only three case studies were examined. While these case studies were able to weed out some potential

lurking variables that then made the findings more valid, the issue of being able to generalize three case studies to the entire set of potential cases—which here would be to all countries—still exists. A paper that examines more case studies, or perhaps even takes a large-N quantitative approach, would certainly improve the robustness of this argument.

Conclusion

Everything about music is changing. In today's world, the distribution of music has become digitalized; the purchasers, or consumers, are becoming younger and younger (Krasilovsky and Shemel 2007), and, most importantly, the industry as a whole is becoming more international. As certain countries have risen to power within this new international music industry, others have not. This has best been marked by which countries have been able to permeate the American music industry. Throughout the paper, three different causes of success have been identified—the presence of musical agglomerations, access to modern technology, namely the Internet, and, finally, the ability to monetize music. Reading literature that focused on the theoretical aspect of the music industry's success, as well as literature regarding one of the identified "successful" countries—the U.K.—is what identified these three causes.

As seen throughout the paper, the hypothesis that these three factors are what led to a successful music industry holds up when tested against case studies. In countries that have shown success, the causes were present; whereas, in countries that have not shown success, the causes were absent. Of course, there is no country more likely to have these three factors present than the United States—the country against which this paper based "success." Indeed, these three factors are present: The agglomeration requirement is satisfied with Los Angeles and New York being major cities for music production (Scott 1999). As for access to modern technology, the main Internet platform discussed was YouTube, which not only is unrestricted in the U.S., but also was actually created in California's Silicon Valley. Lastly, monetization of music in the U.S. takes both the U.K. approach as well as the South Korean approach. There is very strong copyright law in the U.S., under Title 17 of the United States Code, Sections 501 and 506 (RIAA 2014). However, simply by logging onto YouTube, it becomes apparent that the law is not perfectly upheld. Therefore, artists have begun using platforms such as Spotify and Pandora, from which the consumers of music can obtain music free of charge but the artists, or producers, are still paid. In fact, this year has seen a tremendous rise



in music streaming revenues throughout the United States, to the point where it is estimated that these revenues will overtake CD sales (McCarthy 2014).

The implications for the results of this research are tremendous. Music is a big business with a lot of money. This paper shows that for countries that are hoping to enter into the international music industry, there are certain conditions that must be established in order for success to be achieved.

Policy-wise, the findings of this research would suggest that for any country hoping to enter into this growing international industry, intellectual property rights laws must be strengthened and consistently enforced in order to incentivize innovation. In addition, it would seem that unfettered access to the Internet is a requirement as well. For countries that, like China, still impose tight controls on the Internet, the inability to access music and video sharing sites is having a negative impact on the ability of musicians to publish their music. By doing these two things, it is more likely that a music agglomeration will naturally arise, thus fulfilling the last requirement. While the past few years have seen new countries emerge as actors within this international music industry, it will be interesting to see what the next few years bring. ✕

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