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The State of Independents:

The evolution of the independent music sector in the Netherlands

1. Introduction

As the history of the music industry shows us, the independent sector has been the driving force behind musical innovation and behind new musical trends. Every recent trend in music, from rap music to alternative rock, from jungle to dance, has had its roots in the independent sector. In many respects, the independent sector can be regarded as the research and development-department of the music industry.

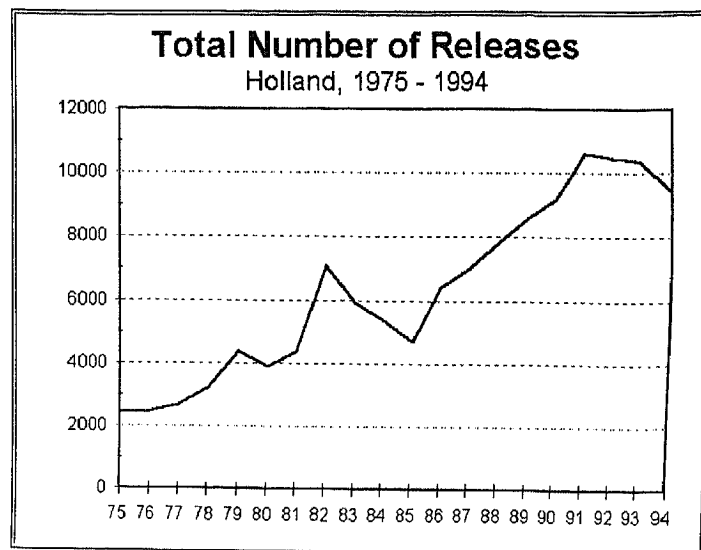
In recent years, a number of books and articles have been published about the ongoing processes within the music industry. Most of those studies focused on the role the major record companies have played with regard to those processes. The book by Robert Burnett (1996) is a recent example. According to Burnett, the concentration of ownership and market share is the most striking phenomenon within the music industry. Burnett states that in 1994, more than 90 per cent of the gross sales of recorded music world-wide came from albums, singles and music videos owned or distributed by one of the six multinational corporations: Warner, Sony, PolyGram, BMG, EMI and MCA. He describes an industry that responds to the need to produce global stars and global product for an ever-growing international audience (Burnett, 1996).

From these writings, one might get the impression of an industry totally dominated by the six major record companies. Burnett, and most of the other writers that have focused on the concentration issue, have however told only one half of the story. In this article I will focus on the other half: the role of the independent sector. I will present empirical evidence from the Netherlands that will demonstrate the rapidly growing importance of the independent sector as the main supplier of both local and international repertoire.

2. The supply and mobility of music: empirical evidence

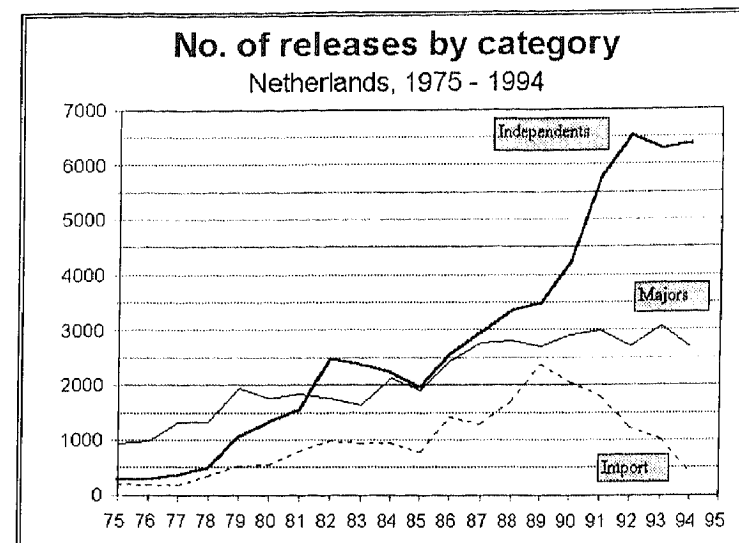
The empirical evidence presented here is based on the analysis of a database containing title information on about 130.000 popular music albums released in the Netherlands in the period 1975 - 1994.

Fig. 1



In the 1975 - 1994 period (Fig. 1), the supply of popular music has increased considerably, from around 2.200 titles in 1975 to around 10.400 titles in 1993. This increase is not continuous, there is a peak in the years 1982 and 1983, when several new independent record companies were established, that issued a large amount of music on the Dutch market that was not available before. In the past few years, the number of releases has dropped below 10.000 a year.

Fig. 2



As the next step in the analysis, I have separated the number of releases by the major record companies, by the independent record companies and by import-companies (Fig. 2). The number of releases by the majors has increased from around 1.000 titles to 2.000 titles in the period from 1975 to 1979. From 1979 until 1985, the period of the recession in the music industry, the number of releases remained at a constant level of around 2.000 titles. In 1986 and 1987 there is an increase to around 2.500 releases a year. From 1987 on, the number of releases by the majors has remained at a constant level of around 2.700 titles a year.

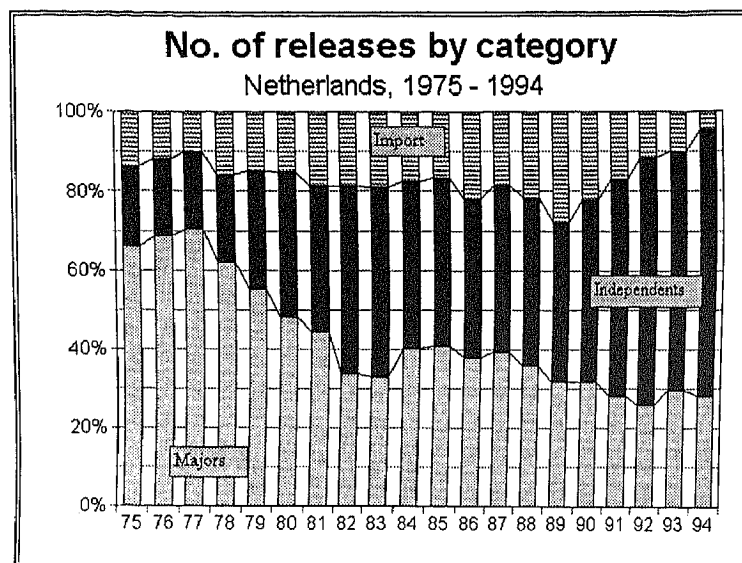
In the mid seventies, no more than a few hundred titles were available through import. In the period from 1975 until 1980, the number of imported titles climbed to 1.000. From 1986 until 1989 there is a strong increase in the number of imported titles. In 1990, two import-companies (IMS, owned by PolyGram, and EMI-Import) closed down. Consequently, the number of imported titles has decreased since then. Currently the number of imported titles is around 500 a year.

In the mid seventies, the number of albums released by independent record companies was low; only a few independents were operating in the Dutch market back then.

From 1979 to 1984, the number of releases by the independent sector has increased strongly. The number of releases then stabilized for a few years, only to start rising again very strongly after 1985.

The next figure (Fig. 3) shows the development of the share of supply of the three supplier-categories. Apparently, in the past 20 years, the character of the supply of music in Holland has changed considerably.

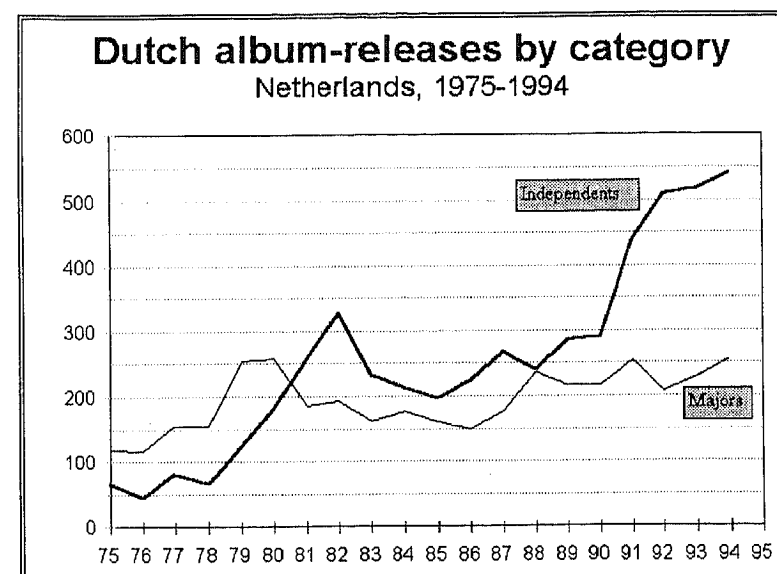
Fig. 3



In 1975, seven out of ten releases were marketed by the major record companies. In 1994, this proportion has decreased: Less than three out of ten releases are marketed by the majors. The importance of the independents as supplier of music repertoire in Holland has increased. In 1975, two out of ten albums were marketed by independent record companies, in 1994 the proportion has increased to nearly seven out of ten. So, my first conclusion is that in the past twenty years, the dominant position of the major record companies with regard to the *supply of music* has gradually been eroded by the independent sector.

In the next part of the empirical analysis, I will focus on the supply of Dutch music. The next figure (Fig. 4) shows the development of the number of albums of Dutch artists released in the Netherlands in the 1975-1994 period. In the 1975-1980 period, the majors were the main suppliers of music by Dutch artists. From 1981 on however, the number of releases of Dutch repertoire by the independent sector has exceeded the number of releases by the majors. In the early eighties the Dutch music industry met with a severe recession, which caused a drop in the number of releases both by the majors and the independents. In the early nineties, the industry again faced very prosperous times. This led to a very significant increase in the number of Dutch releases by the independents, but, remarkably, the number of Dutch releases by the majors did not increase. In fact, from 1988 on, a fair proportion (about 45 per cent) of the Dutch repertoire released by the majors consists of re-issues of catalogue recordings of Dutch artists.

Fig. 4



We can bring some more depth to this analysis by looking at the number of debuting Dutch artist in the 1975-1994 period.

Fig. 5

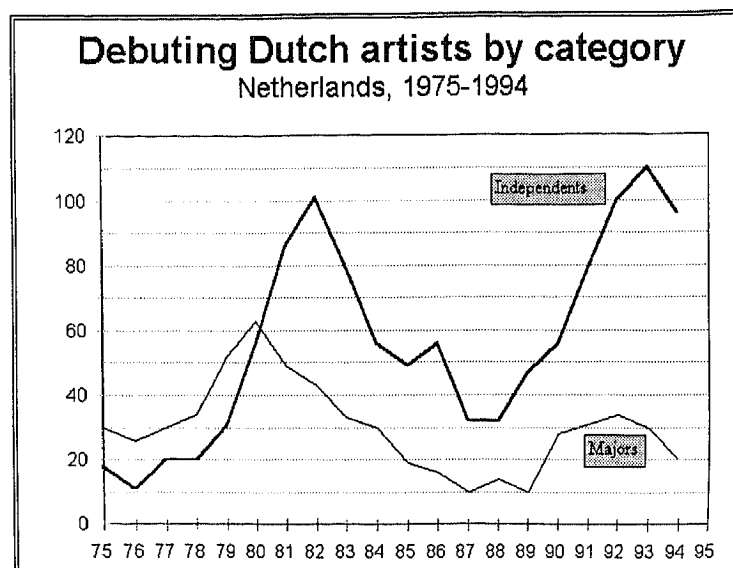


Figure 5 shows the number of Dutch artists that have made their debut-album on major labels and independent labels respectively. In the late seventies, the music market was booming, and consequently the number of new artists signed by major and independent record labels increased. As the recession of the early and mid-eighties struck, both major and independent labels reduced their investments in new artists. In the second half of the eighties, the number of Dutch artists that made their debut reached its lowest point, with no more than 10 artists making their debut on a major label, and just over 30 making their debut on an independent label. As a consequence, the market share of Dutch music on the Dutch market dropped, from 26 per cent in 1980, to an all time low of 12 per cent in 1989. When the music market recovered in the late eighties, and the music industry started earning record revenues in the early nineties, the independent sector started to invest heavily in new Dutch artists.

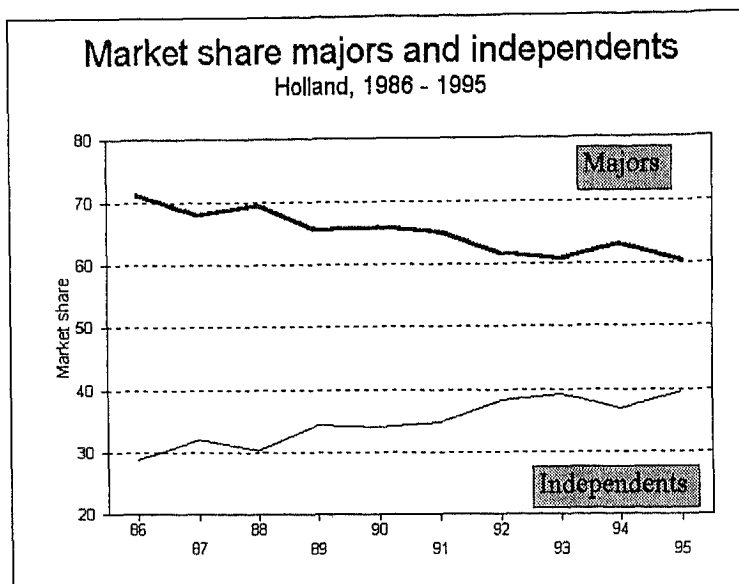
Remarkably, the major labels did not. The number of debuting Dutch artists on major labels climbed from ten in 1989 to just over thirty in 1992, only to drop again to twenty in 1994. Early 1996, the combined rosters of both major and independent labels counted a total of 478 Dutch acts. A total of 84 acts were signed to major labels (17.5%), 394 acts were signed to independent labels (82.5%).

The heavy investments of the independents in Dutch music have paid off: The market share of Dutch music has risen from 12 per cent in 1989 to 25 per cent in 1996. My second conclusion is: With regard to the supply of music by Dutch artists, the independent sector has come to play an increasingly important role. The importance of the major record labels as supplier of local Dutch music has diminished strongly.

So far I have focused on the cultural side of the issue: the changing role of the majors and independents with regard to the supply of the cultural commodity called music. Now I would like to introduce some economic aspects: How did the market shares of majors and independents evolve over time?

Figure 6 (see next page) shows that in the past ten years, there has been a shift in the market shares of the majors and independents. The market share of all majors combined has dropped from about 70 per cent to 60 per cent. The market share of all independents combined has risen from 30 to 40 per cent. The remarkable aspect of this is, that despite of a whole range of acquisitions of mid-size independents by the majors in the past ten years (Virgin, Island, Motown, A&M, Sonet, Ricordi, Def Jam etc), and as a consequence, an increase in the number of repertoire sources, the market share of the majors in the Dutch market has dropped by 10 per cent.

Fig. 6



The table 'Majors versus the independents' shows that the major record companies still have a quite dominant position on the album-market (see Table 1 p. 39). With regard to the single-market, the market-shares of the majors and independents are in balance. The independents clearly have the upper hand with regard to the dance and Dutch language markets. This shows that the independents have been successful in capturing a firm piece of the market, at the expense of the major record companies.

As we have seen, there has been a shift in the roles the major- and independent record companies play in the Dutch market, both in a cultural and economic respect. These conclusions contradict the conventional wisdom in music industry studies, that stresses the increasing dominance of major record companies. I find no evidence for this concerning the Dutch market, on the contrary.

Majors versus the independents		
	Majors	Independents
Market share (1995, value)	60%	40%
Chart share (1995, albums)	70%	30%
Chart share (1995, singles)	52%	48%
Chart share (1995, dance)	44%	56%
Chart share (1995, Dutch language)	30%	70%
Number of Dutch artists on roster (1996)	84 (17.5%)	394 (82.5%)

Table 1

3. Explanation

The question that arises is: How can we explain these phenomena?

I will try to answer this question, using a tree step method. First, I will take a look at the evolution in market structures. Second, I will identify the differences in organizational structures of major- and independent record companies, with respect to the international exploitation of repertoire. Finally, I will study the market environment, to find out whether developments in the fields of media and retail affect majors and independents in different ways.

Market structure

In the past twenty years, the structure of the Dutch music industry has changed considerably. Concentration has been at high levels in the Netherlands, with the major companies controlling some 60-70 per cent of sales. Besides the level of concentration, especially the development in the number of suppliers operating on the Dutch market is worth noting. Table 2 (see next page) shows this development.

Number of Record Companies and Labels, The Netherlands, 1978 - 1995							
	1975	1978	1981	1987	1993	1994	1995
Companies	20	25	34	60	93	123	132
Majors	4	6	9	8	7	9	9
Independents	16	19	25	52	86	112	123
Exit	-	-	-	10	27	5	6
Entry	-	-	-	37	61	31	17
Labels	518	536	671	1411	2110	2531	2520
Labels Majors	118	212	257	274	320	345	386
Labels Independents	400	324	414	1137	1790	2186	2134
Countries	-	-	25	38	40	39	38

Table 2

Back in 1975, only twenty record companies were operating on the Dutch market, of which four companies were major-subsidaries, and sixteen were independents. Together they represented a total of 518 labels. The major companies represented 118 labels, the independents 400 labels. For the 1975-1995 period, we see a significant increase in the number of independent record companies in the Netherlands. The number has increased more than sixfold. Also, the number of labels (mostly foreign) represented by the Dutch independents has increased by a factor of 6. This indicates that the growth of the independent sector is a global phenomenon. It also indicates that the barriers to entry to the music industry are low. In 1981, the labels represented by majors and independents covered a total of 25 countries. At present, music from labels in around 40 different countries is available in the Netherlands. We can make the conclusion that the increasing importance of the independent sector, both in a cultural and in an economic respect, can in part

be attributed to the increase in the number of independent repertoire sources internationally and an increase in the number of independent distributors in the Dutch market.

Organizational structures

The table in the previous paragraph showed an increase in the number of local independent record companies, and in the number of - mostly foreign - labels represented by those record companies. In this paragraph the focus will be on the organizational aspect of the mobility of music: How is the transnational flow of music repertoire organized, what are the differences between the organizational structures used by the majors and by the independents, and to what extent do the differences in these organizational structures account for the differences in the supply of music we have found for major and independent record companies?

The international circulation of repertoire can be governed in two ways. The first governance structure is the internal market, where repertoire is distributed from one local company to another company in a different region, both companies belonging to the same corporation. This governance structure is applied by all major record companies. The second governance structure is the external market, where one local company (the repertoire owner) concludes a licensing contract with a foreign company for the marketing of its products in another country or territory. This governance structure is typical for the independent record companies.

First I will investigate the organizational structure of the labels in the music exporting country, the licensors. Then I will look at the organization of the distributor in the music importing country, the licensee. Finally, I will examine the intermediate organizations between the exporting label and the importing distributor.

The licensor can be anything from a one-man enterprise to a large professional organization. Many labels represented by the Dutch independent distributors are small. This often means that there is no International Exploitation Department, and no person

who is exclusively dealing with the international exploitation of the label's products. Often, the national distribution of the labels' products in the land of origin is handled by an independent distributor. In many cases, this distribution company also does international exploitation. So instead of dealing with the original label, the Dutch distributor is doing business with the label's distributor in the music exporting country. For about three quarters of all foreign labels represented by independent Dutch distributors (Fig. 7) this organizational structure (3) is used. The Dutch distributor is in direct contact with the remaining quarter of the labels. Those are usually the larger labels that have their own international exploitation departments (2).

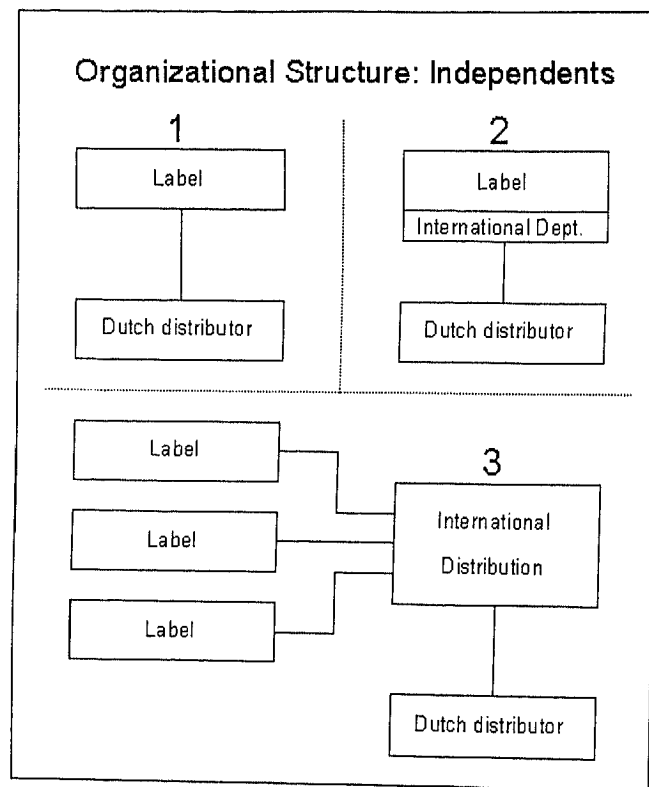


Fig. 7

Most major owned labels in major music exporting countries have their own International Exploitation Department (Fig. 8). Many major labels have sublabels, which do not have such a department. The international exploitation of music from those sublabels is often carried out by one of the larger labels of the company. In many smaller countries (like Holland, or Portugal), the local major labels do not have an International Exploitation Department. Then the international exploitation of the music is often the responsibility of the A&R manager or the product manager for local repertoire (Fig. 9; see next page).

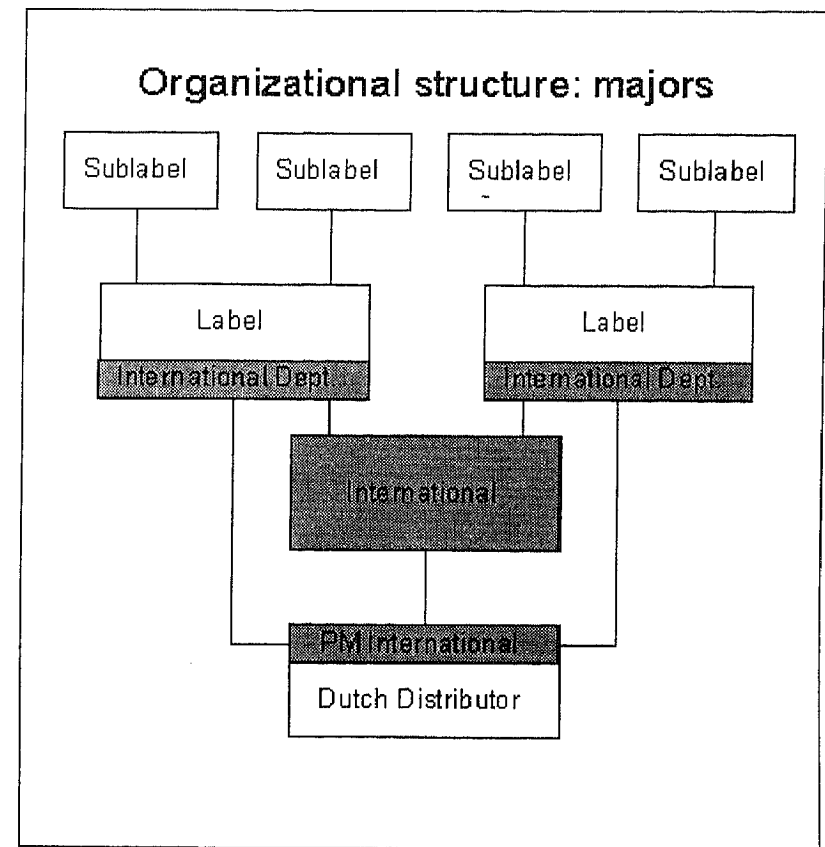
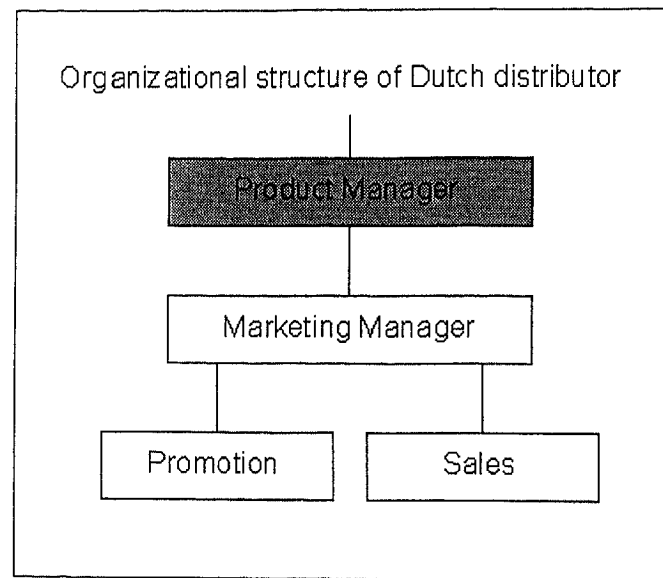


Fig. 8

Fig. 9



The product manager for international repertoire of a major distributor is the gate-keeper for the Dutch distributing company. All release-info and pre-release tapes are sent to him. The amount of repertoire sent to the product managers is huge. The product manager listens to the tapes and makes a selection, mainly based on sales histories and sales expectations. The items selected by the product manager are then discussed in the weekly marketing meeting. A title that gets full support by all departments will be released. Only a small proportion of the repertoire sent to the product manager gets this far. In Holland, the product managers of the majors release about 40 percent of the albums they get from the UK and the USA, 5-8 percent of the albums they get from continental European countries, and about 1 percent of the albums from other regions.

When the decision to release an album is made, the product manager sends off a 'target' to the International department, the target is the sales prognosis for the first three months after the release. The International Department collects the targets from

the companies in the European countries. A record will only be produced if the sum of the targets exceeds 1.000 copies. If the limit of 1.000 copies is not reached, the countries that were willing to release the album cannot release it: The record will not be produced. For Holland, the initial order for a 'service-release' is no larger than a few hundred copies. This means that it is only possible to release service releases in Holland when other countries are releasing that title as well.

For the major companies, between the music exporting country and the music importing country there is a department that co-ordinates the distribution of repertoire on the one hand, and marketing and promotion on the other: The International Department. With some majors, the repertoire is distributed from the International Exploitation Department of the label directly to the product managers of the distributor. In other cases, the intermediate International Department takes care of the distribution of the repertoire to the product managers of the subsidiaries.

All major record companies have a priority system. The aim of this system is to help the companies in all countries to deploy their resources in an efficient way. When a particular artist becomes successful in either a geographical area, or within a specialized music genre, the priority system helps to spread this success over to other areas. All companies can then concentrate their resources on this potentially successful artist, by that increasing the chances of turning a local success into a world-wide success. When the record company manages to sell an artist in many countries at the same time, it can benefit from economies of scale and economies of scope.

Albums that have a priority-status receive a special treatment by all distributing companies. First we have the world-wide priorities. The selection at world-wide priorities is made by the regional Managing Directors. All majors have some sort of regional structure, where the United States, the UK, Continental Europe and the Far East are the main regions. Usually, there are about five to ten artists on the world-wide priority list. Second, there are the regional priority lists. Decisions about the artists that appear on this regional list are made by the Managing Directors of all

countries within a region. Often, the Marketing Managers have an advisory role in this process. The number of regional priorities can range from five to fifteen. Finally, there are the local priorities. Usually, all artist recorded by a label are on the labels' local priority list. Furthermore, a label may pick some foreign artists that it considers to be potentially successful on the local market.

A local major company is obliged to release and support all world-wide and regional priorities. For each priority, a marketing plan must be made that has to be sent to the International Department for approval. In the marketing-plan, the company explains the strategies for promotion and for consumer-marketing.

For priorities, the Dutch company is provided with a complete set of marketing tools, like posters, T-shirts, point of sale material and a video. Usually, the artist is available for promotional interviews and radio or television appearances. The Dutch company gets much marketing and promotion support from the international department, from where the marketing efforts of all local companies are co-ordinated. The local company has to report weekly on sales and marketing activities to the international department.

For non-priorities, the Dutch major company gets very little support from the International Department and from the original label. When the Dutch company has confidence in an artist that is not a world-wide or regional priority, the Dutch company itself will have to make investments in promotion material, and have the artist come over for promotion. This means that the company has to make its own investments and has to spend much time and energy in promoting the record.

Finally, there is a category of non-priorities the Dutch major company wants to make available to serve the public. Those releases are called 'service-releases'. These releases normally get a standard-promotion: Copies are sent to radio, television and the press. The albums are put on the retail-mailing lists, and that is it. Only when the response to one of those albums is very good, the promotional efforts will be intensified.

When the CD's are produced in the country of origin, and exported to Holland, we speak of a finished product deal

between the licensor and the licensee. A finished product deal can be exclusive, in which case the Dutch distributor officially represents the foreign label in Holland, or nonexclusive, in which case we speak of import.

For a production and distribution-deal, manufacturing of the CD's takes place in the country of destination. Finished product-deals and production and distribution-deals have different economies. If the distributor expects to sell less than 500 copies in Holland, importing finished product is the best option. The distributor will order the CD's from the original label or the label's distributor. If the distributor expects to sell more than 500 copies, manufacturing the CD's is the best option.

For independent record companies, 80 percent of the titles released are imported as finished product. The other 20 percent of the titles are pressed in Holland. For the major record companies, all albums released are pressed in Europe, there is virtually no import of finished product. Thus, while the independents are perfectly able to handle releases in limited editions through finished product deals, the majors – for economic and organizational reasons – cannot.

For both the major record companies and the independents, the licensee pays a license-fee to the licensor. This is an 'all in fee', which includes the royalties for the artist and the royalties for the repertoire owner. For major record companies, the fee ranges from 24% to 28 percent. This difference in fee can be explained by the way certain costs are divided over licensor and licensee. All fees are paid to the International Department of the company, that distributes the fees to the exporting licensors.

For independent companies, the fees are paid directly by the licensee to the licensor. The fees paid by the independent licensee are lower than the all-in-fees charges by the majors. For the independents, license-fees range from 10-25 percent. In the case of finished product deals, the Dutch distributor buys the records, adds a 30 percent margin to cover expenses and profits, and sells the products to retail for the going price.

There is a big difference between the routines of independents and the routines of the majors. For the independents, there is little

or no 'gate-keeping'. Foreign labels will offer all products released by them to their international distributors, or directly to the labels that license their music. The international distributors also do not make any selections: they earn their margin on every record sold, to them it does not matter whether they sell 1.000 copies of one title or 100 copies of 10 titles. The Dutch distributor usually does not make any selections either, the licensing contract forces them to release all products offered to them by the label. They consider it a service, both to the label and to retail-shops, to include all releases of the labels they represent in their catalogue, even if they can only sell a few copies of a title.

Within major companies, there are at least two departments where selections are made (indicated by the shaded part of the figure on page 43). First, a selection is made by the International Exploitation Manager. He picks the artists whom he thinks have potential to be successful in other countries, and sends release-info and pre-release-tapes to the product-managers of affiliated companies that have 'first option' in those countries. When the product manager decides not to release the album, the International Exploitation Managers may choose to have a try with a label that has the second option. When this does not work either, there is the theoretical possibility to contact a third party-label. In practice however, this hardly ever happens.

We can make the conclusion that the differences in gate-keeping structure between majors and independents account for many of the differences we found with regard to the supply of music.

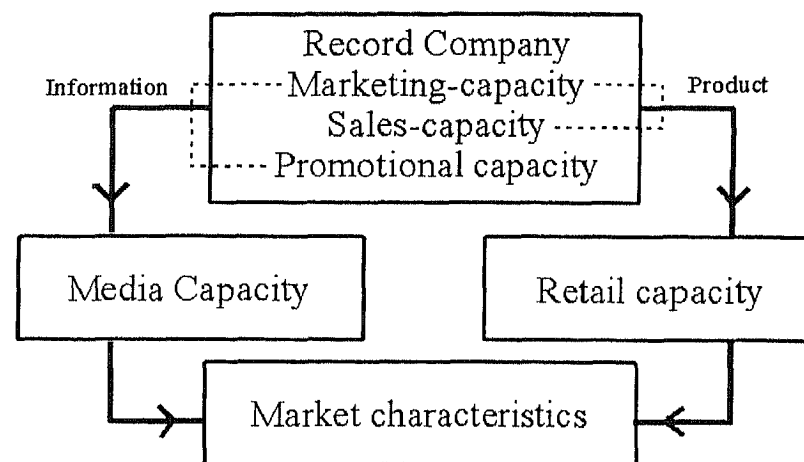
4. The market environment

The repertoire strategies of record companies depend on the developments within the market environment in which those companies operate (Fig. 10; see next page).

The record companies rely on the media to communicate information about their products to their audiences, and they rely on the retail shops for the distribution of the physical product to the public.

In the past ten years, there have been significant changes, both in the media structure as well as in the music retail structure in the Netherlands. On top of that, as a result of the introduction of the compact disc and of a changing demographic composition of the music buying public, the characteristics of the music market have changed considerably.

Fig. 10



The changes in the music market are mainly triggered by the introduction of the Compact Disc. Many persons in their thirties and forties, that used to buy music when they were younger, but had stopped buying at a certain age, started visiting the record shops again. As a result, sales have climbed to record levels, reached in 1991. However, the return of the older consumers might have been temporary, since music sales in the Netherlands have dropped by over 20 percent in the past two years. At the same time, there is a problem with the younger music consumers. Teenagers are buying much less records than the teenagers of ten years ago. This is partly the result of the high prices of CD's in the Netherlands. But there are other indications that the prominent position of music in the life of teenagers is under attack by other sets of symbols. Therefore, in the past ten years, the music market has transformed from a teenager market to an adult market. Furthermore, this adult market is much more differentiated than the teenager market of the seventies. Apart from the mass pop and MOR segment, many niche markets covering a great variety of different music styles have emerged.

Over the past decade, the structure of the media in Holland has changed considerably. This affects the music industry, since all information about the music industries' products is disseminated through these media. Until 1991, Holland only had public television. In 1991, the commercial TV-station RTL-4 started broadcasting (from Luxembourg, because the Dutch legislation did not allow for commercial television at the time). In just a few years time, RTL-4 gained a market share of more than 30 percent at the expense of the three public TV-stations. In 1993, RTL introduced a new TV station for Holland, RTL-5. In 1995, a merger took place between the RTL-tv stations and Veronica, a public broadcasting organization that left the public broadcasting structure to go commercial. Also in 1995, three new tv-stations went on the air: SBS 6, TV 10 Gold, and The Music Factory (a music television station). At the end of 1995, the market share of the public tv-stations was reduced to 39 per cent.

In the past, there used to be many music programmes on TV. Programmes like TopPop (a chart show) were extremely popular in the seventies and early eighties. Since then, the popularity of those programmes has decreased, and most music programmes

have been taken off the air. The few programmes that are left attract no more than a about 50.000 viewers. This means that TV as a medium for the music industry to expose their products to a mass audience has lost much of its effectiveness. Also, because of the increase in the number of stations, the effectiveness of commercials in which music is advertised has decreased strongly. A substantial advertising spend is necessary to get the message across to a mass audience.

As for radio, the story is about the same. In the early eighties, Holland only had five public radio stations, only one of them had a pop-music-format. Through the eighties, local radio emerged, attracting many older listeners. Since 1989 many new commercial radio stations have started, with various narrow-casting formats like golden oldies, MOR (middle of the road) and CHR-formats (hitradio). Most of those stations were only available on cable. Recently, the Dutch government has allocated five radio-frequencies to commercial radio stations. There were 27 applicants, but the Dutch Minister managed to pick those five that posed the least threat to the existing public radio stations. Currently, the radio-listeners are scattered over many stations. This also makes radio less effective for exposing products to a mass audience. However, the air play-opportunities for various non-mainstream music styles (like jazz, classical music, dance, alternative) grew significantly as new commercial radio stations with a dedicated format emerged.

Besides TV and radio, we also have a Dutch pop-press. Until recently, there was only one serious general magazine for pop music, named OOR. In the last few years, several specialized pop-magazines have emerged (Watt, Opscene, 10Dance, Aardschok), that have managed to attract a fair number of readers. Also, for other music genres, like jazz, world music and classical music, new music magazines have appeared. Apart from the serious pop music press, there are several pop magazines directed at a teenager audience. In the last decade, some of those magazines have lost over two-third of their readers.

In the past ten years, there have been changes in the structure of the Dutch retail sector too, that have affected the characteristics of the supply of music available through the retail channel. First,

the retail sector has come under pressure because of the increase in club-sales and the sales through non-traditional outlets. This development has led to a decrease in profitability for many mainstream (pop and MOR-oriented) record shops. These mainstream shops have reacted to this phenomenon in two ways: first, many shop owners have made the decision to join one of the record shop chains, or one of the record shop franchise formula's. This has led to a sort of standardization of record shops, both in the lay-out of the shops, as well as in the characteristics of the repertoire these shops sell. The increasing presence of multimedia product in shops that used to focus on selling music is the second important development with regard to the retail structure in the Netherlands. New media products like video, video CD, computer games, CD-i and CD-rom have made an entrance in the record shops. This has led to a decrease in the number of square meters available to stock music repertoire. So, because of the standardization in shop-formula's and the introduction of multimedia products on the shop floor, the capacity of retail shops for stocking products in the pop and MOR-segment has diminished.

Besides the pop and MOR-retail segment, the Netherlands also have a well developed network of speciality record shops, each shop specializing in a few particular music styles. Those speciality record shops are doing very well. They have a strong and loyal customer base, and they do not suffer from the competition by the clubs and non-traditional outlets. Since their specialization has secured them a firm place in the market, they are less inclined to introduce multimedia products in their shops.

So, while the majors – mainly specializing in pop and MOR product – are faced with a decreased retail capacity in the pop and MOR-retail sector, the independent sector has access to their customers through a dedicated and smoothly operating high capacity network of specialized record shops.

The number of releases a record company is able to handle depends on both external and internal factors. The external factors have been discussed in the previous paragraphs: the characteristics of the market, the media capacity and the retail capacity determine the ability of the market to absorb new

releases. The internal factors can be divided into two factors: available resources (in terms of manpower and money) and the repertoire strategy (the way the available resources are deployed). The external and internal factors are closely linked: the conditions with regard to the external factors determine the effect of the deployment of the available resources.

It is a matter of fact that the available resources for independent record companies are less than the resources of the major companies. In terms of staff and marketing budgets, the majors easily outnumber and outspend the independents.

Majors companies and independents have a different focus, where the majors target the mass pop and MOR market, and most independents operate within market niches. As a consequence, they face different external conditions. As the previous paragraphs have indicated, the major record companies have suffered most from the changing nature of the market, the changes in the media structure and the changes in the retail structure. More resources need to be deployed to secure that a product gets airplay on a number of different radio stations in order to reach a substantial audience, and more effort has to be made to convince retailers to stock the product. Thus, it takes much more resources to put a product in the market than in the years before. The majors have reacted to this pressure in two ways: first, they have reduced the number of releases, so that the resources can be directed towards a smaller number of products, and marketing and promotion for each product can be intensified. Second, some majors have reorganized their marketing-departments, in order to meet the organizational demands of this new release- and marketing-policy. For example, in the past year, both Warner and Sony have split up the company in two units (Warner/East West and Epic/Columbia).

As indicated, independent record companies have suffered much less from the environmental pressures. They serve a loyal customer base, they have a well equipped retail-channel at hand, and have benefited from the arrival of new narrow-casting radio stations. Therefore, there is no evidence of a change in repertoire- or marketing-policy on the part of the independents.

5. Conclusion:

I have shown that the independent sector has come to play a very important role as a provider of both international and local repertoire in the Netherlands. Furthermore, the economic importance of the sector has grown, the independents have gained 10 per cent of the market at the expense of the major companies in the past ten years.

In the second part of the paper I have shown that these developments can be attributed to an autonomous growth of the independent sector on the one hand. On the other hand, these developments can be explained by the differences in the organizational structures with regard to international exploitation of repertoire between majors and independents. Finally, I have shown that developments in characteristics of the market and in the fields of the media and the retail sector have made it difficult to 'mass-market' music. This affects the major record companies the most, they have responded through reorganizations, and through an adjustment of their repertoire policies. The independent sector has benefited from the changes in the characteristics of the market and in media-sector. They have gained a stronger position in the market as a consequence.

Literatur

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