Crowdfunding and the barriers to entry into the music market

KEY WORDS
crowdfunding, recording industry, music business, record label, barriers to entry

ABSTRACT
The paper elaborates on empirical data in order to analyse the extent to which crowdfunding reduces barriers to entry into the Polish music market. The analysis is based on semi structured interviews conducted with emerging artists who use crowdfunding to finance production of their records. The data suggests that the impact of crowdfunding on the music market is positive, albeit limited. These artists find it difficult to promote themselves after releasing the records. The paper makes attempts to map potential barriers in access to media such as radio or press.

The reaction of record labels to the spread of the Internet is often quoted by media researchers as an example that should not be followed\(^1\). Partial digitisation of phonographic products occurred with the introduction of CDs into the market in the 1980s, which made the recording industry the first culture and entertainment sector that had to cope with the results of Internet popularisation. The mistakes made by music corporations at the turn of the century became a valuable lesson for the film industry and book publishers\(^2\). It should, however, be noted that despite the substantial decrease in record production in the first decade of the 21st century\(^3\), the phonographic industry managed to work out many innovative solutions which proved successful and were adopted in the distribution process of media other than records. The most frequently discussed example of innovation is the growth of online sales of digital content,


especially in a file or streaming format\(^4\). The present paper focuses on a less frequently analysed innovation - crowdfunding\(^5\) - whose emergence, although not directly linked to the recording industry, had its roots in the music market. The objective of the paper is to examine to what extent crowdfunding helps to eliminate barriers to entry into the Polish music market. In other words, the text seeks to answer the question whether the popularisation of crowdfunding will contribute to an increased diversity of the Polish music market. To answer the question, the paper employs empirical data acquired between 2013 and 2014 among musicians who use crowdfunding to raise money for producing their records\(^6\). Although this paper mainly focuses on crowdfunding, the respondents’ opinions reveal a broader picture of the situation of musicians who make their debut on the Polish music scene. Therefore, the analyses presented in the text can be viewed more broadly, as a debate on the extent to which the innovations appearing in the Polish music market over the last several years contribute to balancing the strength of large and small record labels. The paper consists of six sections. The subsequent section discusses the basis economic principles of the recording market functioning. Section three presents crowdfunding as a tool for financing the production of music recordings. Section four discusses the research methods used. Section five contains an examination of the empirical material, and section six provides a summary.

**Economics of the recording market**

From an economic point of view, the recording industry is classified as an oligopoly, despite the large number of business functioning in that market sector. This is due to the concentration of the market in the hands of three music corporations which control about 75% of the global recording market\(^7\). The remaining 25% is shared by smaller record labels (in

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\(^5\) In simplest terms, crowdfunding can be defined as the process of raising funds via the Internet (see also the definition of the concept in section three of the paper.

\(^6\) The study was made possible thanks to the grant from the National Science Centre “Sonata” (agreement no. DEC-2011/03/D HS4/03408).

\(^7\) The data concerning the global market was derived from Music and Copyright, _UMG leads the new order of recorded-music companies, Sony dominates music publishing_, https://musicandcopyright.wordpress.com/2013/05/01/umg-leads-the-new-order-of-recorded-music-companies-sony-dominates-music-publishing/#more-1011 [accessed: 14 Sep. 2015]. The precise figures for the Polish market are not known, but the market structure does not differ significantly from the global market.
Poland their number is estimated at about 200 businesses\(^8\). Older studies suggest that in the past the degree of market concentration translated into the diversity and innovativeness of the music products available to consumers (according to the principle: the fewer companies control the market, the less innovative are the products offered by the labels)\(^9\). Currently, it would be very difficult to directly translate the degree of market concentration measured by the position of records on sales charts into the diversity and innovativeness of record companies’ market offering. This is because a substantial part of the market offering has such poor sales performance that it is not reflected in the sales charts which represent only a small fragment of knowledge about the market. Therefore, another criterion was employed in the present study - the analyses were based on the respondents’ opinions, without making references to numerical data (see the description of research methods in section four).

The concentration of the recording market in the hands of a few large companies is attributable to economic and historical reasons. In the traditional model of phonography (which was dominant prior to the spread of the Internet), having an efficient distribution network was the key factor enabling the sales of a high number of records. Since developing such a network was expensive, only the largest companies could afford to have their own distribution divisions which covered large territories (e.g. the entire USA). Naturally, this situation was beneficial mainly to large companies. Another factor favouring large record labels was the necessity to invest considerable financial resources in record promotion – spending large amounts of money on a video clip production, or promotion on the radio did not guarantee success, but, to a certain degree, improved the chances of achieving it. Substantial financial resources afforded protection against mistakes which are hard to avoid in the recording industry due to the high unpredictability of consumer preferences\(^10\). A large record company with considerable financial resources finds it easier to deal with a series of failures and is more likely to finally produce a hit record, and consequently also make profits.

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\(^10\) It is estimated that only about 10% of titles released by large record companies generate profit, see A. Leyshon et al., _On the reproduction of the musical economy after the Internet_, “Media, Culture & Society” 2005, Vol. 27 (2), pp. 177-209.
allowing it to survive and develop.

All the factors described above contributed to the concentration of the major part of the market in the hands of a few large players. The spread of the Internet was perceived by many researchers as an opportunity for a change. It was believed that thanks to the lowered barriers to entry into the market, the position of smaller labels would be reinforced and the oligopoly of the largest companies weakened. For example, in 2005 McLeod predicted that “these technological changes do threaten to help break the music monopoly that has existed for a century”. In theory this reasoning seemed to be correct.

Firstly, the dominance of large companies, which stemmed from having control over their own distribution networks, is declining due to the development of online music sales. Theoretically, every company, even a small one, can sell recordings via a website without the need to invest its funds into building a traditional distribution channel. Secondly, thanks to the use of the Internet, every artist can try to establish a direct contact with their audience, which means that the artist does not have to rely solely on the expensive forms of promotion, such as radio and television. The impact of this factor is further enhanced by the falling costs of production of video clips, which is due to the growing access to inexpensive audio-visual technologies. Thirdly, it was expected that the Internet would enable artists to achieve at least partial freedom of the need to collaborate with traditional record labels. It was believed that this would be possible thanks to such innovations as e.g. crowdfunding which facilitates acquiring the funds needed for financing a recording session and releasing a record. The subsequent sections of the paper will demonstrate to what extent the forecasts regarding the impact of the Internet on the recording market proved to be correct.

Crowdfunding as a tool of raising funds for releasing a record

Crowdfunding is defined as “the efforts by entrepreneurial individuals and groups – cultural, social, and for-profit – to fund their ventures by drawing on relatively small contributions from a relatively large number of individuals using the internet, without standard financial intermediaries”. Although scholarly publications devoted to crowdfunding did not start to appear until around 2011, it is believed that the first fan-funded music project was the concert tour of the British rock band Marillion. The musicians raised USD 60,000 thanks to an

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announcement placed on their website in 1997\textsuperscript{13}. The key dates in the development of crowdfunding include: the year 2003 when the American site Artistshare, regarded as the oldest crowdfunding platform, launched the first fundraising project, and the year 2009 when the Kickstarter platform was set up, now considered to be the world’s leading crowdfunding service. Taking into account the date of launching, the crowdfunding business in Poland was pioneered by the platform MegaTotal which was set up in 2007. The empirical data used in this paper was collected from the artists using that platform (see section four).

From the point of view of an artist who wants to release a record, a crowdfunding platform can, to a certain extent, be seen as a substitute of a recording company. This is because the role of a crowdfunding platform comes down to providing the artist with the funds for recording or promoting an album. Naturally, the platform is just an intermediary. The actual fund providers are the people making the contributions - the listeners, fans, or friends. It should be highlighted that the exact course of the crowdfunding process depends on a number of factors\textsuperscript{14}. Firstly, it is considerably affected by the rules established by a given platform, which to a large degree shape the behaviour of the contributors. It should be expected that the people supporting projects on donation-based platforms will behave differently from those who support projects on platforms that give their contributors an opportunity to make a profit\textsuperscript{15}. Secondly, the status of the project’s initiator has an influence on the amount of money contributed, as well as on who donates money and how they do it. Collections organised by relatively unknown debutants are quite different from the projects initiated by celebrities who often receive support from thousands of generous fans willing to help their idol\textsuperscript{16}. Thirdly, the type of the project seems to be important as well. Leaving aside the projects from outside the wide category of “media, culture, entertainment”\textsuperscript{17}, it can be stated that fundraising projects


\textsuperscript{14} A model fund-raising process was presented e.g. in P. Gałuszka, V. Bystrov, \textit{Platforma finansowania społecznościowego jako nowy typ przedsiębiorstwa na rynku kultury} [Crowdfunding platform as a new type of company on the culture market], “Studia i Prace Kolegium Zarządzania i Finansów” [Research Studies and Works of the Management and Finance College] 2013, Vol. 125, pp. 151-152.

\textsuperscript{15} It is worth noticing that even in the case of for-profit platforms, the intention of making a profit does not have to be the main factor motivating the contributors: fan motivation and “mercantile” motivation can mutually interpenetrate, see P. Gałuszka, V. Bystrov, \textit{The rise of fanvestors: A study of a crowdfunding community}, “First Monday” 2014, Vol. 19 (5), http://firstmonday.org/ojs/index.php/fm/article/view/4117 [accessed: 08 Sep. 2015]


\textsuperscript{17} Crowdfunding can be used for financing very different initiatives. For example, projects relating to urban space are enjoying increasing popularity, see B. Brzozowska, \textit{Crowdfunding and crowdsourcing: New
differ e.g. according to whether they were initiated by one person (e.g. journalistic projects), many people (e.g. a music band’s project), or a company (e.g. a film project). Naturally, the size of the budget to be raised will differ depending on the way in which e.g. journalistic articles, music recordings, or films are created.

There are many factors which differentiate the projects, crowdfunding models and even the legal framework surrounding a given phenomenon\textsuperscript{18}. Since this paper is based on empirical material collected from respondents who raised funds via the MegaTotal site, more space should be devoted here to the functioning of the platform. The platform was started in 2007 in Łódź, and by 30 April 2014, it had raised money to finance 105 projects. The majority of the projects were aimed at releasing music recordings, usually in the form of CDs containing several tracks. However, mention should also be made of the successful fundraising campaigns aimed at organising a concert, producing a video clip or publishing a book\textsuperscript{19}. MegaTotal differs from the majority of platforms in Poland\textsuperscript{20} and the most popular international platforms in the manner the funds are raised. The difference lies in the fact that MegaTotal uses an investment mechanism whereby the contributors are paid back part of the funds they invested. The functioning of the platform can be described by showing what happens to the contributions, in the following way:

“Half of the amount paid in will be used to record an album, and the other half will be divided among the people who earlier invested their resources in a given project. (…) Each contributor will acquire a proportional share in the project. The size of the share is proportional to the amount of money paid in (…) and provides the basis for settlement in a situation where profits are made (e.g. the artist manages to collect the target amount and record an album which sells


\textsuperscript{19} The list of projects is updated on a regular basis and can be found at http://megazin.megatotal.pl/niech-siemury-pna-do-gory [accessed: 15 Sep. 2015].

\textsuperscript{20} Examples of such platforms include: Polakpotrafi.pl, beesfund.pl, wspieram.to (Polish platforms) and kickstarter.com, indiegogo.com, pledgemusic.com (international).
It should be noted that the key decision to be made by artists who start collecting funds via MegaTotal is to determine the target of the fund-raising project. In the majority of cases, the value of funds to be raised amounted to PLN 5000, 12000, 25000 or 40000. Although setting the lowest fundraising target considerably improved the chances of a project’s success, the funds obtained in this way were rarely sufficient to finance the recording session, release the record, and cover at least part of the costs of promotion (such as, e.g., making a video clip).

Research methods
The empirical material used in this paper was collected from June 2013 to September 2014. It forms part of a larger project intended to investigate the mechanisms governing crowdfunding. It consists of 30 interviews with artists who raise funds for their album release via MegaTotal. The interviews lasted one hour on average. They were recorded and transcribed. The transcription is about 500 pages long (approx. 252,000 words). The respondents were guaranteed that their opinions would be quoted anonymously. A collective list of the interviews is given at the end of the paper.

The interviews were partly structured. The respondents were asked, for example, about their career development, reasons for and way of raising the funds, opinions on the situation of musicians in Poland, collaboration with the media, relations with the audience and live performances. The respondents were solo musicians and band members. They represented different music genres which in the majority of cases can be classified as rock, pop or electronic music. It is important to note that all the respondents can be described as artists who have not yet achieved great popularity, although some of them have recorded more than one album and have experience of working with traditional record labels. The artists’ status is important to the analysis performed in further sections of the paper. It is important to realise that the artists who sell large numbers of records would have provided different answers. However, it should also be borne in mind that the most popular Polish artists have not so far used crowdfunding.

Due to the qualitative nature of the empirical materials, the points raised in this paper

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22 It is different abroad, e.g. the rock star Amanda Palmer successfully uses crowdfunding, see: P. Booth, Crowdfunding. A spinmatic application of digital fandom, “New Media & Society” 2015, Vol. 17 (2), pp. 149-166.
cannot be illustrated with quantitative data. The only exception is the information concerning
the sales of records released through MegaTotal, however, due to the requirement to maintain
the respondents’ anonymity, it cannot be linked to the opinions quoted in the text. The material
collected during interviews was supplemented by regular observations of the functioning of the
MegaTotal site, in particular the interaction among its users.

Crowdfunding and the Polish music market
An analysis of the respondents’ opinions reveals that there are two prevailing motivations for
creating a profile on MegaTotal. The first one, in line with the assumptions underlying this
kind of platforms, is the intention to raise funds to record and release an album. The other
motivation is pragmatic - the artists set up a profile on the platform to generate more publicity,
gain new listeners, and have another (after MySpace, or Facebook) site through which they
can increase their Internet presence. In many cases, the two motivations were combined - an
artist created a profile on MegaTotal for promotional purposes, and when they saw that it
attracted contributions, they decided to seriously engage in the project and try to raise funds to
release a record. This is illustrated by the following opinion:

“We saw it more as an opportunity, a new form of
promotion (...) at that point it didn’t matter whether it was
going to work out, especially that we saw that some bands
were doing better, and some worse with their fund raising.
In the beginning, we were not that successful either, but
things accelerated greatly towards the end.”

One can say that for emerging musicians, the experience of being confronted with the online
community and its financial decisions (“to support this project or another one?”) is, in a way, a
test of the band members’ determination. The opinion quoted above shows that the fundraising
process is rarely fast, sometimes things slow down, which can be discouraging to many artists.
Mobilising your fans, family and friends to make contributions is usually not enough to bring
your fundraising campaign to a successful conclusion\(^\text{23}\) - the musicians often have to make an
effort to establish an effective relationship with the community of people donating money via

\(^{23}\) The three groups are often mentioned in literature as a natural base of people who begin the fundraising
campaign. See: A. Ordanini et al., *Crowd-funding: transforming customers into investors through innovative
the platform\textsuperscript{24}. The process can be tedious, and not every project initiator has enough motivation to bring it to a close. One of the respondents said, commenting not only on the fundraising process via MegaTotal, but also on all kinds of promotional activities:

“(…) it is really hard work, you are stuck all day in front of your computer, trying to reach people. That is, if you really want to use the tools offered by the Internet. But it is an excellent platform for promotion and reaching the audience. There’s no doubt about it. Except, it’s hard to do it on your own (…) the whole band have to toil, and so do your friends, family and fans, but in the end it’s all feasible.”

Many respondents shared the opinion that promotion over the Internet is, in fact, hard work. Those findings are consistent with the results of studies conducted in other countries\textsuperscript{25}. Their authors emphasise the differences between the models of artistic career in the 1970s or 1990s, and the situation of today's debutants. Considering the form of employment, the job of a recording musician\textsuperscript{26} has never been particularly stable. In the popular music industry, it usually meant cooperation with a record label based on a contract and payment of remuneration in the form of royalties depending on how successful the recordings were. Currently, however, the job is becoming increasingly precarious, especially for less known artists. It is increasingly harder to sign a contract with a record company which would involve long-term investment of the record label in the development of the musician’s talent, and a vast part of the costs earlier covered by record companies is now passed on to artists. As a result, many emerging musicians and less known artists with long experience independently undertake activities which were earlier the job of record companies, e.g. organising the promotion of recordings. This is reflected not only in the respondents’ opinions about the efforts put into promoting their project on Mega Total, but also in their comments about the

\textsuperscript{24} The manner in which those relationships are built has been described in detail in: P. Gałuszka, B. Brzozowska, Crowdfunding: Towards a redefinition of the artist’s role - the case of MegaTotal, “International Journal of Cultural Studies” online first, doi:10.1177/1367877915586304.


\textsuperscript{26} In this context, a recording musician is an artist who derives part of their income from the sales of recordings. A recording musician should be distinguished from a performing artist who does not record their music, but makes their living exclusively by giving live performances, or from an artist who writes songs for other artists.
impact of changes which have taken place in the media during the last several years of their career. The respondents’ opinions clearly show that irrespective of how they evaluate their cooperation with the MegaTotal site, the functioning of a debutant or little known artist in the Polish music market is determined by a series of factors independent of crowdfunding. The following opinion is a good summary of what the respondents think about the influence of the Internet on their position on the music scene:

“In my opinion, the Internet has ruined lots of things, but it has also brought many benefits. (…) What has been ruined: there is so much music available online that nobody cares to spend time searching. On the other hand, the Internet has given me the opportunity to present myself to the public, without it I wouldn’t have had the chance to get my foot in the door”.

Similar opinions were expressed by many other respondents. Some of them stressed the advantages of the new media which included primarily the possibility of establishing direct relationship with the audience. One of the respondents summarised it by saying that the Internet is “simply an incredible medium: you can see, contact, listen or simply write (...) to any person in the world”. Others pointed out that what is beneficial for the listeners - the opportunity to contact the artists and a wider choice - is not necessarily an advantage for every musician. Since all emerging musicians have at their disposal similar tools enabling the recording, distribution and promotion of their works, the supply of music has increased. However, the supply is not met by the demand reflected in the tendency to buy the recordings, as a result of which many talented artists remain unnoticed. Tough competition for the attention of the audience has always been a characteristic feature of the music market. At present, however, the competition is tougher than ever before. This can be illustrated by the data from the American market - 36,000 new albums were released in the USA in 2000, compared with 106,000 in 2008 and 75,000 in 2010. Moreover, among the 75,000 new releases in 2010 in the USA, sixty thousand sold less than 100 copies, with an average sale of 13.3 copies27. The figures for the Polish market are not known, but the respondents’ opinions suggest that the competition faced by emerging artists is really strong:

“(…)Young, unknown bands find it hard to get out of their garage. Even if they try to, (…) there are so many records released in Poland that go completely unnoticed because of the lack of promotion, or distribution channels, and the people (...) are not willing to invest their money into things they don’t really know (...). They may search the Internet for music, but (...) not necessarily want to spend money on things they don’t know, (...) they don’t have enough funds to spend on culture, so to speak, they prefer to buy a new album by Kult or Myslovitz”.

As can be seen from the above comment, emerging artists have to compete not only against hundreds of artists in a similar situation, but also against musicians with well-established reputation. One can notice here an apparent contradiction in the respondents’ opinions: on the one hand, promotion and distribution are easier (thanks to Facebook, YouTube and tens of similar tools), on the other hand, released records “go completely unnoticed because of the lack of promotion, or (...) distribution channels”. Of course, it is easier to record and release an album (e.g. by crowdfunding it), but, at the same time, it is much harder to promote and sell the record, compared with several years ago. This is a natural consequence of the fact that the supply of the music available in various forms has increased, whereas the demand for recordings or, more precisely, for physical media (CDs) has fallen.

Due to the strong competition in the recording market, releasing a record does not guarantee that the music will be noticed. On the other hand, without a professionally produced medium, it is even harder to get the music noticed. Therefore, it is extremely important for emerging artists to produce a professionally looking and sounding record, even if it is impossible to organise its distribution in such a way that it can be bought in traditional record stores. Some of the respondents said that having their record released by MegaTotal helped them develop their careers. Some of the examples include: being qualified for the Open’er Festival, interviews, and one-time broadcast of their musical pieces on the Polish Radio Programme 3.

At an early career stage, when becoming known to a wider audience is of vital importance, artists can benefit from regular presence in the traditional media, especially in
radio stations. While some of the respondents succeeded in having their music broadcast by smaller radio stations and sporadically also by the Polish Radio (state-owned public broadcaster), private radio stations broadcasting throughout the country remained outside their reach in the vast majority of cases. According to one of the respondents, this can be attributed to:

“some strange stubbornness of people who are responsible for the music played on the radio. We also had a chance, without making reference to any specific stations, [to] come up against such a wall and we were told “it’s good, but not really suitable for the radio”. What does suitable for the radio mean, anyway? (...) in reality, it’s all up to certain people, and no matter what you give to the radio, a song becomes a hit NOT BECAUSE IT IS a hit, but a song becomes a hit because it’s played over and over again”.

What the respondent sees as incomprehensible stubbornness of the radio station staff, to an economist is an effect of the logic underlying the choice of music repertoire in commercial radio stations. Radio stations play only such music which, according to music directors, increases the listenership. Such an approach right from the start restricts the chances of emerging artists who do not have support from a large record label, and their songs seem a risky choice to the people responsible for selecting the repertoire. Additionally, one of the methods used for selecting musical repertoire is a survey of listener preferences, and listeners naturally favour popular music (according to the principle “we like the songs that we know”). As a result, even if a song by an emerging artist is included in the list of songs presented to the surveyees, it has small chances of getting high ratings.

Interestingly, however, a similar mechanism can be observed in other traditional media. Although it seems natural that the largest TV stations rarely pay attention to unknown artists, it is worth quoting here an observation concerning the low interest in emerging musicians shown by the press. One of the respondents illustrated this with the following story:

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28 Studies carried out in other countries have shown that promotion over the radio still plays a very important role, see, e.g. J. Rogers, S. Sparviero, Same tune, different words: The creative destruction of the music industry, Observatorio (OBS*) 2011, 5 (4), http://obs.obercom.pt/index.php/obs/article/view/514 [accessed: 14 Sep. 2015].

29 It should, however, be noted that some respondents managed to appear on very popular shows, such as talk shows. They owed this appearance to personal contacts, persistence in achieving their goals and a lucky coincidence.
“I remember when I was working for a large national newspaper, in the cultural division, and the way things were done there was really getting me down (...) I was getting lots of records, some of them were interesting, I thought it might be a good idea to write about them. My boss would respond: “But this is unknown. Nobody has ever heard of it, so nobody’s going to read it.” And that’s how a vicious circle begins. If nobody has heard about it, nobody is going to read about it, but then if nobody is going to read about it, nobody will learn it exists. Which practically means we’re back to where we started from. So, in fact, they only write about things which are already known and have been popularised, and it’s hard to break that mechanism”.

As a consequence, some of the respondents spoke about a wall that cannot be broken, which is created by the traditional media. This is reflected in the following opinion:

“If a young artist has no support, I mean real support, all they can do (...) is record a few tunes, and then they see there is nothing they can do with it. That’s what happens if you don’t have any strong backing, or someone who will help you to move along in your career. Without it, I’m sorry, but there is nothing you can do”.

Those words can be interpreted as an opinion of an embittered musician who has no support from a record company. They can, however, also be understood as a complaint about the lack of attention from the traditional media, which constitutes a barrier to entry. Contrary to the hopes expressed by the researchers in the publications of the early 2000s, this barrier has not been abolished by the Internet. If we understand the logic underlying the selection of repertoire by large commercial radio stations, it should not be surprising that the stations rarely choose to broadcast songs by emerging artists, especially those who are not backed up by record labels. One may, however, ask whether the attention received by emerging artists from the public media - which are not solely guided by the logic of the market- is sufficient. Obviously, it is hard to draw firm conclusions on this matter on the basis of one quoted opinion. Moreover, although none of the artists who released a record via MegaTotal gained
mass popularity, some of them are closer than others to becoming widely known. As has been mentioned, some of the respondents performed at big festivals, or sporadically appeared on national radio stations. Considering that building up a position in the music market may take many years, it cannot be ruled out that some of the artists from MegaTotal will finally achieve great success. The release of an album via a crowdfunding platform can help an artist to move along in their career, but in order to produce an effect, such as a considerable increase in the musician’s popularity, it has to be backed up by other artistic and business factors.

A debate concerning the impact of crowdfunding on the Polish recording market cannot leave out the financial aspect of that phenomenon. For the majority of the respondents, financial issues, i.e. the income generated from the sale of recordings released via MegaTotal, were not the most important criterion for evaluating their participation in the crowdfunding project. They were aware that the number of copies released - usually 500 or 1000 - is not sufficient to expect substantial profits, even if all copies have been sold. As can be seen from the above opinions, the respondents’ expectations focused rather on the possibilities of developing their careers thanks to an officially released record. Those expectations have been met only partially, which prompted some respondents to express critical opinions on the promotional support they received from MegaTotal. Leaving aside an assessment of the communication between MegaTotal and the artists, one can ask whether the platform could commit itself more to promoting the released records. In the early days of its existence, this was difficult since MegaTotal was a new player in the music market, which means that unlike the well-established record companies, it had not yet developed a network of contacts with the media. There was another, even more important, reason why the platform’s involvement in promotional activities was smaller than that of an average record company: the business model adopted by MegaTotal resulted in the lack of relationship between the sale of records and the revenue. This was due to the adopted method of dividing the revenue from the sale of recordings. As mentioned earlier in the paper, the revenue was divided fifty-fifty between the artists and the fans who supported a given project with their contributions. Because MegaTotal did not make direct profits from the sales of records, it had smaller possibilities of investing additional resources in record promotion. In other words, the platform could not act in the same way as a traditional record label, i.e. invest additional resources in the promotion of the artist’s recordings with a view to increasing their popularity which, in turn, would ensure a

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return on the investment. Although an in-depth analysis of the business models used by crowdfunding platforms falls outside the scope of this paper, the case of MegaTotal shows that the possibility of making money by a crowdfunding platform in a manner that is different from a record label can translate into the perception of crowdfunding as an alternative to traditional phonography.

An artist’s career often involves a combination of musical factors (popularity and market potential of songs, the musicians’ charisma during live performances) and non-musical factors (perseverance, determination, financial security which allows the artist to focus on music, a lucky coincidence). The respondents’ opinions have demonstrated that some of them, while dreaming of making their living as an artist, were implementing a parallel plan B which consisted of e.g. finishing a university degree and finding a traditional job. Seeing how difficult it is to develop a musical career (so that one day it becomes a source of livelihood), the respondents reached a point where they decided to abandon their ambitions of conquering the music scene and chose the status of an amateur band, or simply gave up playing music altogether. On the other hand, some respondents demonstrated strong determination to remain on the music scene. It is not unlikely that at some point in the future they will achieve success at the national level, which will be a good opportunity to reassess the importance of crowdfunding for the development of the musicians’ careers.

Summary

The emergence of a new method of financing the products of the media, culture and entertainment industry should be seen as a positive phenomenon. Firstly, it allows the artists who otherwise would not have been able to release a record to make their debut on the music market. This increases the diversity of the music market, although to a greater extent by expanding the offering targeted at a niche audience, rather than becoming known to the mass audience. Secondly, it enables investing extra resources into culture, which is particularly desirable considering the permanent underfunding of this sphere of life. Naturally, it should be borne in mind that the individuals supporting the projects on MegaTotal are probably an untypical group of culture consumers who would support emerging artists even if crowdfunding services did not exist. Resolving that question, if at all possible, would require additional studies.

Despite the positive perception of crowdfunding, it is hard to escape the impression

31 Based on actual data, one can speak of an amount of at least PLN 648,000 - this was the total value of funds raised through successful campaigns on MegaTotal in mid-2012 (as on 15 June 2012).
that the respondents’ opinions are filled with doubts and disillusionment. Considering that only the most popular artists can rely on music as a sole source of income, it is hardly surprising that the artists who are in the early stage of the careers experience serious doubts. They feel there is no guarantee that many years of effort and combining creative work with an income-generating job will ever produce the desired effect. The respondents’ situation differs from that of musicians in the early 1990s in that the former, on the one hand, have the possibility of undertaking independent, wide-ranging promotional activities, and, on the other hand, have smaller chances of selling a large number of copies of their records. The Internet provided present-day debutants with promotional tools that a musician in the 1990s who did not have a contract with a record company could only dream of. However, utilising those tools is labour-consuming. Moreover, they are available to practically anybody, so their impact has been weakened, which is disappointing. Combining online promotion with promotion in traditional media could produce tangible results. However, as has been demonstrated in the paper, establishing permanent presence in traditional media represents a barrier that is difficult to overcome for an individual artist. Although releasing a professional record with the support from a crowdfunding platform should contribute to making the artist’s name familiar to radio station presenters, the realities of the Polish music market show that this may not be enough. A record company has a network of contacts and promotional experience which seem difficult to replace at the current stage of development of crowdfunding. Therefore, a question can be asked whether raising money on a crowdfunding site in an amount that is just sufficient to produce a record is a good decision? Perhaps a better solution for the artists would be to raise funds in an amount that would not only cover the costs of recording an album, but also the costs of promotion (e.g. producing a professional video clip). Of course, this would mean the need to raise larger funds, as a result of which some artists might not be able to collect the target amount and they would neither produce a record, nor organise an additional promotional campaign. This illustrates the specific nature of crowdfunding which lies in the fact that the project initiator tries to reach a balance between the chances for raising the desired amount, and his or her financial needs. Thus, it can be concluded that although crowdfunding helps to eliminate one of the barriers to entry into the recording market (the financial barrier), the barriers are more numerous. Overcoming them might require a combination of greater financial resources and know-how. It is possible that the further development of crowdfunding, e.g. by involving record labels in the process, will enable finding the right combination of those factors.
The list of conducted interviews (respectively: date of the interview, name of the band or solo artist, place of the interview).

8.06.2013, Instytut, Wrocław
16.06.2013, Syndrom Kreta, Warsaw
16.06.2013, Asspirine, Wołomin
18.06.2013, Coffee Break, Wrocław
17.07.2013, Skowyt (vocalist), Warsaw
20.07.2013, Skowyt (guitarist), Warsaw
25.07.2013, Ostatni Przystanek Postępu, Warsaw
25.07.2013, Teren Nowy Live, Warsaw
25.07.2013, Adios, Warszawa
14.08.2013, Back to the Ocean, Warsaw
26.08.2013, Czerwieńska Strona Jabłka, Góra Kalwaria
30.08.2013, iNNi, Warsaw
1.09.2013, Gra Pozorów, Warsaw
9.09.2013, Projekt LR, Warsaw

11.09.2013, NeLL, Chorzów
12.09.2013, Sjón, Łódź
14.09.2013, Virus Ego, Miechów
15.09.2013, Chee-psy, Bochnia
15.09.2013, Inqbator, Kraków
15.09.2013, Monika Gawrońska, Kraków
16.09.2013, Deyacoda, Warsaw
19.09.2013, Dirty Brick, Zabrze
24.09.2013, Mordercy-P, Bydgoszcz
14.11.2013, Inkluz (Skype interview)
17.11.2013, NuSoul City (Skype interview)
26.04.2014, Tourette, Kraków
27.04.2014, Syndikate, Rzeszów
11.06.2014, wariacje.pl, Łódź
19.09.2014, Little White Lies, Łódź
22.09.2014, Dorian Mono, Gdańsk