

Łańcuchy produkcji  
sektora muzyki w Polsce

WARSZAWA 2024

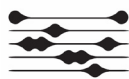
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# WHO IS SMILING?

RAPORT Z **BADAŃ**



Centrum Badań  
nad Gospodarką Kreatywną  
Uniwersytetu SWPS



MUSIC  
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WHO IS  
**SMILING?**



# EXECUTIVE SUMMARY

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# Objectives of the research project

## Research objectives

The aim of the study “Who is smiling? Production chains of the music sector in Poland”, conducted in 2023 by a research team led by Professor Dorota Ilczuk, was to identify the mechanisms of the music sector functioning. The study focused on people working in the industry and its stakeholders. In order to gain a good understanding of their perspective qualitative methods were chosen, whilst the research area was narrowed down to popular music. A cutting-edge approach based on the concept of production and value

creation chains, first used in the study of creative economy sectors in the CICERONE Creative Industries Cultural Economy Production Network H2020 project, was applied. Hence, researchers did not solely focus on visible artists, but all employees in music production. The importance of network links and relationships between different entities was also stressed, as well as the concept of chain creation and value-added flows in the different phases of the production process.

The study required solid desk research in several areas. First, we gathered information on the specifics of the artists' labour market, then we analysed the available data on the music industry. The final area of recognition, however, was the CICERONE model with an explanation of the smile curve concept.

### **ARTISTS' LABOUR MARKET:**

The labour market for artists is a secondary market, where demand depends on cultural recipients and participants as well as buyers. A characteristic feature of artistic work is the low degree of substitution of artistic talent and skills by technology. It is typical for artists to have no permanent employment and a project-based way of working, which leads to frequent periods of unemployment. This results in many artists having no social security, whereas this insurance becomes a luxury for them. What is more, success in the profession does not always translate into financial stability, and very high salaries are only found for a few exceptionally talented or promoted 'stars'.

### **MUSIC MARKET:**

The basic segmentation of the music market, from an economic perspective, distinguishes three industries: phonographic, publishing, and performing.

- Phonography deals with the production, release and distribution of physical and digital music formats as well as streaming services. According to the 2022 figures, the global phonographic market amounts to USD 26.2 billion, of which 17.5 billion is generated by streaming (Ingham 2023).
- Publishing companies protect and distribute authors' works by license. They hold the copyrights of the represented authors and negotiate rates. The sector generated nearly USD 7 billion in 2021 (Music & Copyright 2022).





- The concert (live) industry deals with the production, organisation and sale of concerts, tours and music festivals. In 2022, its global revenue was EUR 15.7 billion (Statista 2023).

## CICERONE MODEL:

According to the CICERONE model's approach, there are five phases of the production chain: creation, production, distribution, exchange and archiving. Unlike traditional models, the CICERONE production chain is circular rather than linear. Let us allocate the different phases of production to the area of music we have investigated:

- **Creation** - based on creative work. In this phase, a piece of music is created: a melody is composed, a text is written, and a music piece is arranged.
- **Production** - the creation of a product. This stage includes recording in the studio, post-production, or the creation of physical media, album covers, etc.
- **Distribution** - the delivery of a product to an audience. This is both the process of distributing physical media to points of sale and making digital audio files available.
- **Exchange** - the interaction between different entities within a global network that enables the movement of goods and services. In the case of music, this could be the sale of rights to songs for use in films or video games.
- **Archiving** - the preservation of a created product. It can include the storage of sound recordings in archives and, in the age of digitised forms, also in areas of online resources.

## Field research method

The study adopted a qualitative approach, implemented through complementary methods: expert interviews and case studies. The expert interviews provided a broad perspective on the functioning of the music sector and the situation of artists in this market. Whilst, the expert group included: **Bovska**, or **Magdalena Grabowska-Wacławek**, or **Muniek Staszczuk**, **Ralph Kamiński** along with his manager **Justyna Dominik**, and **Monika Zawisza** – the manager of **Miuosh**. Through the case studies, we were able to get a full picture of how the employees of the production network function at different stages. Selected cases include: Warsaw Gravity Night #1 - a club event organised by Jasna1 club in Warsaw on 15-17.09.2022 as well as "Co i tak nadejdzie" - a song by Skubas and Dawid Tyszkowski, which was used in the Netflix film production "Dzisiaj śpisz ze mną".

In the end, 14 interviews were conducted with 15 individuals representing a wide range of professions throughout the research process.

We guaranteed anonymity to the respondents, so the results and quotes from the statements have been anonymised in the report and are discussed in such a way that individuals cannot be identified.

# Research findings

Deconstructing the chain of popular music production using the CICERONE model, we showed the labour of all those involved, together with its internal specificities and external conditions. Referring to the concept of the smile curve, we saw concrete examples whose work should be mentioned in the credits of music productions WHO IS WORKING, what the financing issues of WHO IS FUNDING look like, and we even identified a group of winners, i.e. we tried to identify WHO IS SMILING. But!...the qualitative nature of the research conducted does not entitle us to generalise the results obtained, establish trends and mechanisms and consider them typical for the entire music market. It should be remembered that they concern individual situations from the area of popular music within the research sample. However, we encourage you to carefully read the entire text, which, especially in the empirical part, is in our opinion extremely intriguing.

Let us zoom in on the most interesting and relevant results of the interviews:

## ▪ Who is working:

A careful analysis of the production process reveals an extraordinary complexity and scale of human resource involvement that goes significantly beyond what is 'visible' in media space or on stage. This is due to the number and variety of roles that individuals play in the project in progress. For the artists and creatives we spoke to, multi-professionalism and involvement in different aspects of the production process appeared to be the rule. The music industry is dominated by civil law contracts, in particular the typical creative work contracts. According to interviewees, they offer, despite various risks (lack of insurance, precarity), more artistic freedom and allow for free activity. The need for systemic regulations to reduce these risks is stressed.

## ▪ Who is funding

According to the respondents, in the public perception, artists are not entrepreneurs who give work to others and are responsible for entire teams. Since the work itself is 'invisible', the people who make it and the costs involved are also invisible. According to our interviewees, value is built not in the framework of a specific work but in the broader perspective of an artistic career. Very often, artists make an investment (financial or time-based) that is expected to pay off in the future. In the case of less established artists, such transactions usually mean investing time, labour or rights to an output a conto future benefits. The concert activity is the moment when the monetisation of capital accumulated in other (often non-financial) stages of the work most often takes place. At the same time, the concert tour (and the promotion that accompanies it) is also a driver for other revenue streams (e.g. sales of traditional media or gadgets, etc.).

## ▪ Who is smiling

According to interviewees, the 'smiling' group includes highly successful artists. However, this group of stars is very limited in number and less wealthy than it appears to the general public attending the concerts. Another 'winning' group is companies with a strong and stable market position, often achieved in a relatively narrow niche. This group includes, among others, a number of companies providing services related to the provision of equipment and infrastructure. Finally, there are enterprises (including one-person companies) offering highly specialised services for various stages of the production process. The institutions 'holding the power' are also important according to the respondents, including major record labels, major club scenes or media concerns. These companies have a clear influence on the shape of certain sections of the Polish music market. The common denominator of all categories of 'winners' on the market is effective control of the relevant resources.

# WHO IS SMILING?





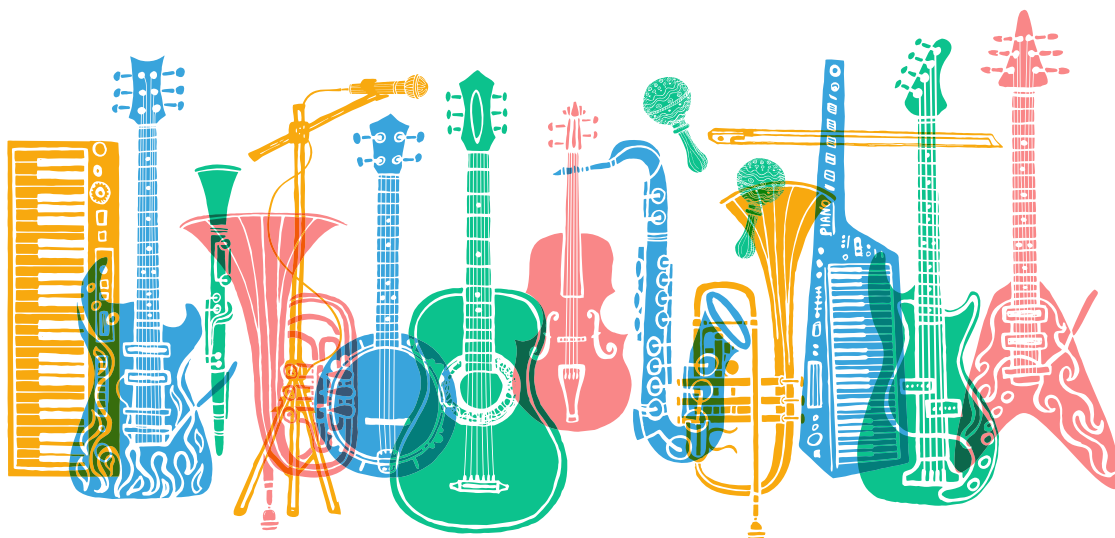
# What we further know from the study

**The study allowed, within the group analysed, to positively validate the approach of the CICERONE model to the analysis of the music market, in particular, the move away from the linearity of the production chain towards its circular representation.**

Secondly, the in-depth interviews confirm the results of earlier quantitative research conducted by Dorota Ilczuk and her teams on the artists' labour market. The information collected from the interviewees fits positively into one of the most relevant, verified theories emerging from the quantitative research - the multiprofessionalism of artists, understood as the simultaneous practice of several artistic professions. The use of the method used in our previous studies of occupations in the CCS, i.e. the verification of performed occupations with the applicable classifications, also proved to be a good clue. The analysis of the codes of the classification of occupations and specialisations, in the two case studies carried out, showed those points where they do not correspond to reality.

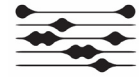
The concept of the smile curve as a determinant of value creation in the music industry can be considered negatively verified. During the interviews, respondents struggled to find their way around the linear model of production phases and the attribution of value creation to them. In our analysis, the smile curve remained primarily a graceful paraphrase for considering who is most pleased by value creation in the popular music market.

It is worth concluding with the question of what change scenarios and investment strategies should be created to fully exploit the potential of the Polish music market. In order to provide a reliable answer, it will be necessary to carry out further - extensive - research and analytical work. It is important that these should be cyclical and ensure comparability of the results obtained, i.e. create the foundations of a system for monitoring the music market in Poland. This system could take the form of a report issued every two or three years, covering various issues in the functioning of the music market - a report created on the initiative of the community and electrifying it. The initiative of Music Export Poland, which resulted in the creation of this report, must be greatly appreciated, and it is assumed that it will be a part of a larger whole. In light of our findings, one thing is clear - this is an area where there is a great deal of room for constructive action by all those shaping the music market.





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