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“Talent unplugged: a case study within the Latin alternative music production as evidence of the challenges and opportunities Mexico faces to propel the development of the cultural sector towards the global market”

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ABSTRACT

During the past recent years, Mexican artists and film directors have been taken into consideration in some of the blockbuster productions around the world. But only this year Mexicans were recognised in the most important festivals, opening a debate regarding the opportunities cultural industries in Mexico may have towards the global market, or if this wave of success lies only on a new talented generation. This document intends to identify some of the challenges and opportunities the Mexican cultural sector may have in an international context —a field that has remained relatively unexplored from the cultural production perspective. This analysis is focused on the music industry, which gives the highest economical contribution in the cultural sector in Mexico. Furthermore, this paper explores the relationship of three Mexican mainstream bands (*Plastilina Mosh*, *Kinky* and *Porter*) with their respective record labels, which clearly shows the networking Latin alternative music has generated in the global context. The evidence gathered along the research drew out the limited opportunities for development Mexican music production is having at an international level due to the internal problematic the country faces, as well as to the nature of the corporate structures in the global music industry.

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“Gratitude requires an unpaid debt, and we will be motivated to proceed only so long as the debt is felt”¹

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¹ Hyde, Lewis, *The Gift: How the Creative Spirit Transforms the World*, (London: Cannongate, 2006) p. 53

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INTRODUCTION

This analysis is based on a broad question: *what are the challenges and opportunities Mexico has to thrust the development of the cultural sector towards the global market?*

The question arose after recognising that Mexican talent is finding acceptance in the most important markets of cultural production. However, Mexico's potential in the cultural sector seems to be unexplored within a global context. Thus, this document intends to bring into the light some of the issues the country has concerning international cultural trade.

To approach the question above I decided to use a *case study*. This research method allows taking a sample over a specific context to work at micro-level, and hence depict some of the factors that occur in a real situation. My approach focuses on the music industry.

Furthermore, this case study is based on *Latin alternative music*. This is a subdivision of the Latin genre within popular music. I decided to work in this area for two reasons: first, there is evidence to a point to assert that *music* is the leading industry in the cultural sector in Mexico in terms of its economical contribution to the country. This means I will take into consideration the biggest sample of the cultural sector in the country. The second reason is that *Latin alternative music* is finding its way in the international market, even to the extent of having achieved Grammy nominations in the US. In other words, I will explore an area where talent and creativity are calling the attention of the world's biggest market for music.

Additionally, this case study explores the links between Mexico, the UK and the US through labels, contracts and artists, the three elements that build business relations within the music industry. My argument here is that, by analysing such relations, I will explain the internal factors that Mexico has to work with as well as its strengths in regards to the global market.

Most of the information compiled for this document is a result of my direct involvement in the music industry, as I participated in different activities with two independent labels: one in Mexico (Tercer Piso Records) as a signed artist, and the other one in the UK (Sonic360), where I did a professional placement. These experiences were complemented through the interviews and survey I conducted in Mexico City and Guadalajara in July 2007.

I would like to clarify that I do not attempt to respond to the question I mentioned above. I recognise my limitations in terms of time and resources. Nonetheless, I strongly believe that Mexico should encourage further research in these areas, as the cultural sector is closely linked to some other issues concerning competitiveness for nations, such as information technologies and new schemes to encourage creation of employment². Thus, my objective is to address and make emphasis on some of the most important issues for potential development, which I find evident in this case study.

By following Yin's principles, "a case study would have to cover both the phenomenon of interest and its context"³, this work is divided in four chapters: literature review and context, research methodology, findings and general conclusions.

In the first chapter, *literature review and context*, I explore the situation of cultural industries and the music industry from two dimensions: the global approach (external environment) and Mexico (internal environment). I propose a link between literature review and context because some of the information I present here comes from interviews, not only from literature research. At the end of this chapter, I include some definitions of terms used in the remaining sections of this document.

In the second chapter I explain the *research methodology* and settings I followed for the case study. I include here a short description of the methodological resources I implemented to gather information and data.

² Porter, Michael E., *The Competitive Advantage of Nations*, (Basingstoke: Macmillan, 1998)

³ Yin, Robert K., *Case Study Research: Design and Methods* (Thousand Oaks: Sage, 2003), p. 48

In the third chapter I encompass the case study *findings* and I analyse the information gathered throughout the research. In this section I present the conclusions of the case study.

Finally, in the fourth chapter, I present the *general conclusions* by crossing the case study findings in the context of the cultural sector.

1 LITERATURE REVIEW AND CONTEXT

“Identity is now, for millions of people, an international co-production⁴”

Néstor García Canclini

“Every day it gets harder to live in this country”, declared Diego Luna, during a charity event hosted recently in Mexico City to raise funds for human rights. “We cannot escape from the injustices we see in Mexico”, added Gael García Bernal⁵. Both Mexican film celebrities encouraged signing a statement created by *Witness*, Peter Gabriel’s human rights foundation, addressed to the Mexican President, Felipe Calderón, stating the need of an urgent solution to the problem of the murdered women in the state of Chihuahua⁶. This event showed three interesting situations. First, the involvement and influence that stars such as actors and musicians have on political issues. Second, the importance Mexican actors have in regards to international relations. And third, Mexican film stars are connected with one of the greatest and most innovative musicians in the history of contemporary music. Therefore, two questions arise: Why are Mexican actors representing the strongest voices from the cultural sector in Mexico? Why is Peter Gabriel considering these voices instead of those from the Mexican music sector?

Mexican directors and actors are attracting attention all over the world since they started to get involved in blockbuster films like Alfonso Cuarón did with *Harry Potter and the Prisoner of Azkaban*, or Alejandro González Iñárritu with *Babel*. Now their talent is recognised in the most important film festivals in the world, such as Cannes, Baftas and The Academy Awards⁷. Nonetheless, most of the productions in which they participated are not Mexican and consequently,

⁴ García Canclini, Néstor, *La Globalización Imaginada*, (Buenos Aires: Paidós, 2000), p. 124

⁵ BBC News, ‘Mexican Actors Focus on ‘Abuses’’, *BBC Entertainment* (12 August 2007), <<http://news.bbc.co.uk/1/hi/entertainment/6943048.stm>> [Accessed 14 August 2007]

⁶ Carreño, Dalila, ‘Unen fuerzas Gael, Diego y Peter Gabriel’, *Mural* (13 August 2007), p. 2

⁷ Iiff, Laurence, ‘Mexican filmmaking gains acclaim in Hollywood’, *Dallas News* (25 February 2007), <http://www.dallasnews.com/sharedcontent/dws/ent/stories/DN-mexicooscars_0225glGLWKND.51f3762.html> [Accessed 13 August 2007]

most of the economic revenues were not for the country. As Bafta award winner Guillermo del Toro pointed out: “The tragedy of Mexico is that we do have the human resources; but we do not have the structure to support them⁸”. The question of how to make the Mexican cultural sector a profitable business is a central issue treated in this study. My focus, however, will not be in the film but in the music industry.

I will explore the context of the case study in this chapter, specifically on the cultural sector and the music industry as a sub-division within the former. The approach is divided into the global situation and Mexico’s own situation. At the end of this chapter I will include some definitions to help the reader understand the terminology used in the case study.

1.1 Cultural sector

Del Toro’s statement quoted above is an opinion from the film industry, but this only represents one segment of the so-called *cultural industries* or *creative industries*. I refer to them both along this document as the *cultural sector*, because from my point of view, despite the differences in the *cultural* or *creative* approach, both represent the economical group of industries that deal with intellectual property, producing and circulating cultural goods and services⁹.

The cultural sector matters because of its potential to generate wealth, and many authors recognise it as a new source of prosperity. Florida, for example, argues that “human creativity is the ultimate economic resource¹⁰”; Howkins refers to a creative economy where the new “raw material is human talent¹¹”; Hesmondhalgh adds a broader perspective to the cultural sector as it

⁸ Wood, Jason, *The Faber Book of Mexican Cinema*, (London: Faber, 2006), p. 173

⁹ Hesmondhalgh, David, *The Cultural Industries*, (London: Sage, 2002)

¹⁰ Florida, Richard, *The Rise of the Creative Class: And how it’s Transforming Work, Leisure, Community and Everyday Life*, (New York: Basic Books, 2002), p. xiii

¹¹ Howkins, John, *The Creative Economy: How People Make Money from Ideas*, (London: Penguin, 2001) p. 213

“increasingly provides a model for transformations in other industries¹²”; Piedras Feria goes beyond the economic dimension underlining the “spiritual, moral and aesthetics contributions of art and culture¹³”; García Canclini mentions that the segment that contributes the most from the cultural sector to societies is “education for both, those who produce and the consumer culture¹⁴”.

Nevertheless a problem exists as to precisely to which extent these businesses are significant to the global economy, because the methods used in statistics’ development are widely different and measurements are made in different years¹⁵. UNESCO emphasises that numbers in cultural trade have been exponentially growing over the last two decades¹⁶. Moreover, some numbers suggest that the cultural or creative industries represent, according to the respective country or region: 7.8 percent of the GDP in the United States; 5.0 percent in Europe; 3.8 percent in Latin America¹⁷; 3.0 percent in Australia; and 3.2 percent in Singapore; in Germany it is 2.6 per cent, with “an overall growth rate three times higher than all economic sectors in this country¹⁸”. But more interesting is the UK average, which even though it places itself under the US rate, it seems to have “the largest cultural sector in the world in regards to the GDP with 7.3 percent of the economy, comparable in size with the financial sector¹⁹”.

In summary, the potential generation of wealth and prosperity for society together with some economic indicators create an attractive discourse to consider cultural industries as key areas for development. Nonetheless, this attraction that the cultural sector seems to offer to

¹² Hesmondhalgh (2002), p. 7

¹³ Piedras Feria, Ernesto, *¿Cuánto vale la cultura? Contribución económica de las industrias protegidas por el derecho de autor en México*, (Mexico City: Conaculta, 2004), p. 22

¹⁴ García Canclini, Néstor and Ernesto Piedras Feria, *Las industrias culturales y el desarrollo de México*, (Mexico City: Siglo XXI-Flacso, 2006) p. 100

¹⁵ OECD, ‘International Measurement of the Economic and Social Importance of Culture’, Organization for Economic Co-operation and Development, (2006), <<http://www.oecd.org/dataoecd/26/51/37257281.pdf>> [Accessed 27 July 2007]

¹⁶ UNESCO, ‘Growth Rate of the International Trade of Culture Goods and Services’, United Nations Educational, Scientific and Cultural Organization, (1998), <http://portal.unesco.org/culture/en/ev.php-URL_ID=18670&URL_DO=DO_TOPIC&URL_SECTION=201.html> [Accessed 21 August 2007]

¹⁷ Piedras Feria (2004), p. 35

¹⁸ Sönderman, Bernd and Michael Fesl, ‘Culture and Creative Industries in Germany’, UNESCO, (2007) <<http://www.kulturwirtschaft.de/wp-content/uploads/2007/07/cci-unesco-07-b.pdf>> [Accessed 23 August 2007]

¹⁹ The Work Foundation, ‘Staying Ahead: The Economic Performance of the UK’, Work Foundation-NESTA, (2007) <http://www.theworkfoundation.com/Assets/PDFs/1Creative%20Industries_Chapter1.pdf> [Accessed 23 August 2007], p. 16

nations should be considered with moderation, especially for developing countries such as Mexico. As García Canclini declares:

“We cannot be naive saying that Mexico will be saved by its culture. We know that in some nations that are in the top ten list of economies (United States, Japan, Germany, United Kingdom, France, Spain and Canada), educational and cultural industries contribute directly or indirectly to its economic prosperity²⁰ .”

1.2 Cultural sector in Mexico

Mexico is a country with a strong cultural heritage and it is recognised for its traditions and the cultural expressions that it possesses. It is a mixture of faith, pre-Colombian traditions and indigenous religious cults²¹. This background linked with some other sociological and political factors results in a “conservative attitude towards accepting the ‘industrialisation’ of culture” because “culture is seen as its folklore and *raison d’être*, something ethereal which is quaint and valuable but not easily accepted as tradable²²”. Furthermore, in Mexico “culture and art are issues that a large portion of the population regard as secondary and this situation is mainly due to economic factors²³”. How can we talk to Mexicans about innovation, creativity and cultural business when the ‘new’ represents the breaking their authentic lineage?

Mexican cultural traditions and heritage have evolved. Beyond museums, pyramids and folkloric symbols, García Canclini now identifies three elements of the cultural capital in Mexico. First, there is a significant infrastructure in areas such as publishing, radio and television; and in a lesser extent, in film and popular music. Second, Mexico has multicultural communities created

²⁰ García Canclini and Piedras Feria (2006), p. 15

²¹ Márquez-Mees, Victoria, ‘Creative Industries in Mexico’, British Council (2004) [Unpublished work]

²² *Ibid.* p. 8

²³ Euromonitor, ‘Consumer Lifestyles – Mexico’, Euromonitor International, (2006),

<http://www.euromonitor.com/Consumer_Lifestyles_in_Mexico> [Accessed 24 August 2007] para. 17.5

inside the country as a result from the mixture of artists and scientists that arrived to the country from Spain, Central and South America. And finally, the long experience as a nation that Mexico has as it developed relations with Europe, the US and Latin America through its indigenous legacies and modernity heritage²⁴.

In addition, there is significant development of the cultural sector in Mexico, and advertising, television, music, publishing and visual arts are apparently the leading cultural industries²⁵. It is important to note that Mexico utilises UNESCO's definition of cultural industries which refers to:

“Those industries which combine the creation, production and commercialization of creative contents which are intangible and cultural in nature. The contents are typically protected by copyright and they can take the form of a good or a service. Cultural industries generally include printing, publishing and multimedia, audiovisual, phonographic and cinematographic productions as well as crafts and design²⁶”.

The contents protected by copyright in Mexico rely mostly on two government bodies. The first one is INDAUTOR, or the National Institute for Author Rights, which deals with copyright and copyright infringement; and the IMPI, or Mexican Institute for Industrial Property, which handles industrial property rights and trade related infringement²⁷. Procedures realised by these institutes sit with the Ministry of Education and the Ministry of Economics²⁸.

In fact, one of the issues that clearly show the political position of the government towards the cultural sector in Mexico is the absence of a Ministry of Culture. The official cultural authority is

²⁴ García Canclini and Piedras Feria (2006)

²⁵ Senior, Andrew, 'Mexico: Analysis of the Potential and Opportunities for a Transitional Markets Project', British Council (2003) [Unpublished work]

²⁶ UNESCO, 'Understanding Creative Industries: Cultural Statistics for Public-Policy Making' (2006)
<http://portal.unesco.org/culture/admin/file_download.php/cultural_stat.pdf?URL_ID=30297&filename=11419233433cultural_stat.pdf&filetype=application%2Fpdf&filesize=96994&name=cultural_stat.pdf&location=user-S/> [Accessed 21 August 2007] p. 1

²⁷ Senior (2003)

²⁸ *Ibid.*

Conaculta, or the National Council for Culture and the Arts. This organisation is expecting a new cultural policy in the country. Moreover, the current administration of President Calderón after one year of governance has not presented yet the National Program for Culture (the project for the development of culture). Thus, culture does not seem to be a priority for the Mexican government. In the first eight months of 2007, “Conaculta not only has not used more than the 75 percent of the budget available for projects during the first semester, but it has also transferred from that amount only 5.7 percent to projects across the country²⁹”. Therefore, most of the commercial cultural activities are realised under certain displeasure by authorities. As Senior points out when referring to the cultural sector:

“The development has been either in the hands of foreign nationals or corporations (largely US or Spanish). There are very few specialist development agencies and state intervention at times seems tied to political or nationalist notions that conspire against the development of a modern creative economy³⁰”.

In summary, Mexico has a strong cultural capital but its political position on the development of culture as a sector does not seem to be a priority. Therefore, as Andrew Senior concludes, the cultural sector “is not well developed³¹”.

Nonetheless, there are some positive indicators to think about better conditions for development. Some cities in the country are starting to work on their own cultural capital, assuming their advantages and the potential attractiveness for tourism. For instance, the government of the state of Jalisco is giving this year high importance to cultural projects. Moreover, the Ministry of Culture —states have this department but not the federal government— has considered 20 cultural projects for the next six years, more than some other departments such as urban development, social attorney and the office for environment issues³².

²⁹ Alejo, Jesus, ‘Conaculta no ejerce su presupuesto’, *Milenio Diario*, (11 August 2007)

<<http://www.milenio.com/mexico/milenio/nota.asp?id=537695>> [Accessed 24 August 2007] para. 4

³⁰ Senior (2003), p. 3

³¹ *Ibid.*

³² De Anda, Francisco, ‘Define gobierno proyectos’, *Mural*, (25 Julio 2007), p. 18

Furthermore, Guadalajara, the capital of Jalisco, is under the spotlight. Recently, the Financial Times considered this city having the second strongest economic potential of any major North American city³³. For such affirmation, the organisation recognised its “youthful population, low unemployment rate and large number of recent foreign investment deals, which are good indicators that Mexico’s second largest city has a bright future³⁴”. Regarding cultural issues, Guadalajara is working on two major projects: one, the possibility of establishing a Guggenheim Museum; and two, the Pan American Games which will take place in this city in 2011³⁵. Both are indicators of the importance this city has for international relations.

But more importantly is to analyze the economical contribution the cultural sector offers the country. A study conducted by Piedras Feria in collaboration with Conaculta and some other organisations showed that “author rights protected industries contribute 6.7 percent of the GDP, which represents the third most important sector in Mexican economy, just behind manufacturing [maquiladora] and petroleum industries³⁶”. Furthermore, from this 6.7 percent, 1.0 (or 21 percent of 6.7 as a 100 percent) is what the author refers to as “shadow economy”, or the sum of the informal sector and illegal sector³⁷. In fact, his new estimation suggests an increase from 6.7 to 8.0 percent, but most of the result of such figure comes from the so-called “shadow economy” or informal market³⁸.

Additionally, Piedras’ approach finds music the most important industry within the cultural sector in regards to its economical contribution, as he clearly explains:

³³ FDI, ‘North American Cities of the Future’, *Foreign Direct Investment-Financial Times*, (25 April 2007)<http://www.fdimagazine.com/news/fullstory.php/aid/1974/North_American_Cities_of_the_Future_2007_08.html> [Accessed 27 August 2007] para. 5

³⁴ *Ibid.*

³⁵ Universal, ‘Guadalajara, próxima sede de Panamericanos’, *El Universal*, (29 July 2007) <<http://www.eluniversal.com.mx/notas/439794.html>> [Accessed 27 August 2007]

³⁶ Piedras Feria (2004), p. 77

³⁷ *Ibid.*

³⁸ Piedras Feria, Ernesto, ‘Interview on the Cultural Industries in Mexico as an Economic Sector, conducted by author on July 19’, (Mexico City, 2007)

“From the 6.7 percent of the GDP, the music industry provides 2.6 points, which represents almost the double of the amount than the film and publishing contributions, with 1.4 and 1.3, respectively³⁹”.

Music in Mexico can be considered as well in some other related industries such as film, theatre and live performances. Thus, “the total contribution accounted for in music related with other industries may represent 3.5 per cent of the GDP⁴⁰”.

On the whole, I have shown that the cultural sector matters because it is a potential source of wealth and the case of Mexico shows evidence to affirm this. The cultural sector represents the third most important contribution to the national economy (6.7 per cent of GDP). This is the strongest argument to consider culture as an opportunity for national development. Although there are some positive aspects to support this assumption, like the cultural capital in some cities such as Guadalajara, the country does not seem to have a defined strategy to develop the cultural sector. This represents a huge challenge.

I will try to reflect a broader perspective of Mexico’s situation within music, its biggest cultural industry.

1.3 Music industry

It is hard to define music as an industry because it encompasses many different economical activities. For Parker, for example, there are four sectors in the music business: creation, publishing, record production, and live performance⁴¹. These categories are now much more

³⁹ Piedras Feria (2004), p. 79

⁴⁰ *Ibid.*

⁴¹ Parker, Nigel, *Music Business: Infrastructure, Practice and Law* (London: Sweet and Maxwell, 2004)

diversified to the extent of naming each one as a single industry⁴². Although they all have an impact on each other, I will mainly focus on the record production business, as the case study for this research is focused on such area. Thus, when I refer to the *music industry* I have in mind the record production business.

Music matters for three simple reasons: firstly, it is the most potent and omnipresent carrier of culture and an agent of socialisation for entire generations, especially youths⁴³. But this does not mean that all the generations and youths are included. Thus, music can be understood as a space for diversity. In fact, the music business only includes an extremely limited number of countries. According to the IFPI last sales report, numbers show that 62 per cent (12,134 million dollars) of the total value in music sales last year (estimated in 19,587 million dollars) was only concentrated in three nations: US, Japan, and the UK⁴⁴.

Secondly, because within the cultural industries music is perhaps the most common place, as a public space, where debates on democratisation arise⁴⁵. A good example is piracy. This is an issue with different positions according to the access people have for music consumption. On the one hand, piracy is considered the only way to access music for people with very low levels of income⁴⁶; on the other hand, it is a way to steal, whereby the industry feels the pain of music theft⁴⁷.

Finally, music matters because it is enlightening more than ever the impact of new technologies on humans, including the issues behind this relation such as globalisation. Moreover, to the romantic interconnection of music as the universal language, we need to add to the

⁴² Williamson, J. and M. Cloonan, 'Rethinking the Music Industry', in *Popular Music* 26 (Cambridge University Press, 2007), pp. 305-322

⁴³ Burnett, Robert, *The Global Jukebox: The International Music Industry* (London: Routledge, 1996)

⁴⁴ IFPI, 'Music Market Data', International Federation of the Phonographic Industry (2006) <<http://www.ifpi.org/content/library/music%20market%20sales%20data%202006.pdf>> [Accessed July 24 2007]

⁴⁵ García Canelini, Néstor, *Consumidores y ciudadanos: conflictos multiculturales de la globalización* (Mexico City: Grijalbo, 1995)

⁴⁶ Márquez-Mees (2004)

⁴⁷ RIAA, 'For Students Doing Reports', Recording Industry Association of America (2007) <<http://www.riaa.com/faq.php>> [Accessed 1 August 2007]

interconnection new technologies. In fact, music was the first on-line consumer product⁴⁸. Consequently, models of business within the music industry, including policies, implications and consequences are having a tremendous impact in the future of world trade. As an IFPI report mentions:

“Nothing illustrates the importance of recorded music to other sectors more than the phenomenal growth in portable digital music players. Research firm IDC estimates the value of this sector to be US\$10 billion in 2006, up 11 per cent on 2005⁴⁹”.

Music industry is based mostly on the relation between artists, labels and publishers, although the media can be considered as well. These relations are constructed with agreements and this is where intellectual property plays an essential role. Parker explains the business of music when saying that:

“It is a form of property development. The creator owns the property—his copyrights. The publisher or record company is the developer, with finance to buy the property and the expertise to exploit it commercially. Creator and exploiter are each convinced that the property’s value depends largely on their particular contribution. In truth, both are indispensable to success⁵⁰”.

In the traditional value chain of music production artists intervene in the creative stage, labels in the investment and production stages, and together publishers and the media in public communication⁵¹. But one of the problems that address the complexity within the music industry is that the value chain is being completely reorganised due to factors such as new technologies and integration as driving forces of the market⁵². Burnett recognises this situation when he says: “In

⁴⁸ Parker (2004)

⁴⁹ IFPI, ‘The Broader Music Industry’ (2006) < <http://www.ifpi.org/content/library/the-broader-music-industry.pdf> > [Accessed 21 August 2007] p. 2

⁵⁰ Parker (2004), p. 1

⁵¹ Piedras Fera (2004)

⁵² Hesmondhalgh (2002)

both horizontal and vertical integration, the commercial control over existing and emerging technologies of production and consumption is vital⁵³. An example of the impact of new technologies on distribution is that artists can now deliver their work directly to online retailers, jumping in the value chain from the origin to the end; integration occurs when two companies specialised in different stages of production, merge to have a broad control in the value chain. By joining forces, both increase their marketing penetration. Summing up, roles are changing constantly and it is hard to define a unique route for the music recording business.

I identify three important issues in the music industry at a global level. The first one concerns the fact that music industry is switching from physical to digital sales. In the UK for example, CD sales have dropped by 11 per cent over the past year⁵⁴, and HMV, Britain's biggest music retailer estimates that "physical music sales in the UK will decline in value by more than a quarter in the next three years⁵⁵". John Kennedy, Chairman and CEO of the IFPI, believes that the "fall in CD sales is being compensated for by an equal and greater increase online and mobile revenues⁵⁶" and adds a positive prediction when he says that "by 2010 we expect at least one quarter of all music sales to be digital⁵⁷".

Today there are 498 online retailers available in 40 countries⁵⁸. But this positivism can be confronted with Internet statistics: only 17.8 per cent of the world's population is an Internet user and only 19.8 per cent of Latin Americans are in the same condition⁵⁹. This means that music will be closer to those who have access to the Internet.

The second issue is the concept of Digital Rights Management (DRM). It is basically a copy protection against piracy of digital media and intends to avoid back ups from CDs, DVDs and MP3

⁵³ Burnett (1996), p. 16

⁵⁴ Hibbert, Katharine 'You Say You Wanted a Revolution', *Sunday Times* (1 July 2007), Culture, p. 28-29

⁵⁵ *Ibid.* p. 29

⁵⁶ IFPI, 'Digital Music Report', (2007) <<http://www.ifpi.org/content/library/digital-music-report-2007.pdf>> [Accessed July 24 2007] p. 3

⁵⁷ *Ibid.*

⁵⁸ *Ibid.*

⁵⁹ IWS, 'World Stats', Internet World Statistics (2007) <<http://www.internetworldstats.com/stats.htm>> [Accessed 2 August 2007]

files⁶⁰. Beyond the matter of exclusive contracts between labels and digital distributors, the aspect to underline here is that piracy is finding a place in the digital world. IFPI estimates 20 billion of illegal downloads in 2005⁶¹, and by considering the total number of Internet users, estimated in 1.17 billion⁶², the average of pirate downloads currently sums to 17 songs per user.

The third one is concentration or integration, to which some authors such as Hesmondhalgh and Parker associate to risk management. The former explains this as a consequence of strategies such as horizontal and vertical integration; the latter suggests that mergers are a constant fact in the music industry due to acquisition of proven formulas for the market, concerning artists or labels, where the union between them means having power to get a better market share. Examples of concentration are the merges between AOL and Time Warner, or Sony and BMG. Concentration allowed them to form larger enterprises, making a contrasting positioning in the market.

The music industry's configuration as a global market is estimated as follows: the leader is Universal with 25.5 per cent of market share followed by Sony-BMG with 21.5 per cent; the third position is for EMI with 13.4 per cent and the fourth place goes to Warner with 11.3 per cent. Therefore, 71.6 percent of the market share is taken by the major labels; the independent sector represents the remaining 28.4 per cent of global music market⁶³.

In short, music matters for many reasons, and I have explained three of them as well as some of the elements to consider music as an industry in constant change. The global music industry has its particular issues, but how does this relate to Mexico?

⁶⁰ EFF, 'Digital Rights Management and Copy Protection Schemes', Electronic Frontier Foundation <<http://www.eff.org/IP/DRM/>> [Accessed 3 August 2007]

⁶¹ IFPI, 'Piracy Report 2006', (2006) <<http://www.ifpi.org/content/library/piracy-report2006.pdf>> [Accessed 4 August 2007]

⁶² IWS, 'World Stats', (2007)

⁶³ IFPI, 'Statistics on Global Market for Recorded Music', (2006), <http://www.ifpi.org/content/section_news/20050802.html> [Accessed 20 August 2007]

1.4 Music industry in Mexico

Mexico is listed number 10 in the top ten markets worldwide, with accounting retail sales for 374 million dollars⁶⁴. It is the Latin American country with the highest market, over Brazil, and it is the second largest Spanish-speaking market in the world just behind Spain. Moreover, the big five labels have their respective subsidiaries in Mexico, and the market distribution reflects a similar situation to that of the global configuration: 82 per cent of the market is dominated by the major players, and numbers place Sony-BMG in the first position, followed by Warner, EMI and Universal⁶⁵. Main media groups such as Reader's Digest, Televisa and Univision, as well as some independent labels such as Noise Lab and Fonarte constitute the remaining 18 per cent⁶⁶. Thus, the Mexican case shows more concentration within the major labels than the numbers of the global market as I mentioned above.

Most of the repertoire purchased in Mexico is in Spanish. According to Amprofon (Mexican Association for Producers of Phonograms), so far this year 82 golden and platinum records have been awarded to the major labels and only 3 of these were in English⁶⁷. To date, only two online retailers are operating in Mexico: Tarabú and Beon⁶⁸.

In brief, Senior recognises that "Mexico has a significant music industry, much based in traditional forms. Big labels are a strong risk averse and there is a need of management agencies. The industry essentially lacks maturity⁶⁹".

⁶⁴ IFPI, 'Music Market Data', (2006), <<http://www.ifpi.org/content/library/music%20market%20sales%20data%202006.pdf>> [Accessed 24 July 2007]

⁶⁵ Lara, Camilo, 'Interview on the Music Industry in Mexico and EMI's artists, conducted by author on 18 July', (Mexico City, 2007)

⁶⁶ *Ibid.*

⁶⁷ Amprofon, 'Certificaciones', Asociación Mexicana de Productores de Fonogramas, (2007), <<http://www.amprofon.com.mx/certificaciones>> [Accessed 20 August 2007]

⁶⁸ IFPI, 'Digital Music Report', (2007)

⁶⁹ Senior (2004), p. 5

Mexico represents, however, a springboard to fame for any artist. On the one hand, it is an influential centre for promotion upon the world's biggest market, the US; on the other hand, it represents the entrance to Latin America⁷⁰. Thus, Mexico plays a crossover role as the bridge between Latin America and the global market.

Furthermore, Mexico and the US are linked, one way or the other, in the production of music. The proximity to Miami and Los Angeles, the centres where Latin music is managed and produced to the rest of the world⁷¹, it is maybe an influence. An example is Ricky Martin, who started the "Latin Music Explosion" in the United States⁷². His career was definitely motivated after his appearance in the Mexican soap-opera "Alcanzar una estrella", produced by Televisa, the biggest TV group in Mexico and one of the most important television producers in Latin America. Immediately after this production Ricky Martin recorded his first two solo albums and started touring all over the continent⁷³. Therefore, his participation in Mexico contributed significantly to make him popular across the continent and helped him develop his career in the US. Ricky Martin has sold more than 50 million albums worldwide⁷⁴. But more importantly is to notice that "in order to have international repercussion, the taste of Americans needs to be affected⁷⁵".

In addition, Mexico is also a focal point for Latin America. I find two examples to justify this perception. Firstly, there is the establishment of Myspace Mexico. This is the first Myspace website in Latin America, it is completely in Spanish and it was created due to the importance of the market and the increasing number of users in this community⁷⁶. As Travis Katz, senior vice-president and general manager of Myspace comments: "Mexico possesses a very important market and we have

⁷⁰ Piedras Feria (2004)

⁷¹ Negus, Keith, *Producing Pop: Culture and Conflict in the Popular Music Industry*, (London: Arnold, 1992)

⁷² Lechner, Ernesto, *Rock en Español: The Latin Alternative Rock Explosion*, (Chicago: Chicago Review Press, 2006)

⁷³ Erlewine, Stephen T., 'Top Music Artists: Ricky Martin Biography', *Billboard*, (2007)

<<http://www.billboard.com/bbcom/artists.jsp>> [Accessed 27 July 2007]

⁷⁴ CBS, 'Ricky Martin Lets 'Life' Happen', *CBS News*, (2005),

<<http://www.cbsnews.com/stories/2005/11/11/earlyshow/leisure/music/main1038774.shtml>> [Accessed 28 July 2007]

⁷⁵ Yúdice, George 'La industria de la música en la integración América Latina-Estados Unidos', in *Las industrias culturales en la integración latinoamericana*, ed. by Néstor García Canclini and Juan Carlos Moneta (Mexico City: Grijalbo-Unesco, 1999) p. 190

⁷⁶ García, Juan Carlos, 'Abre Tacvba el 'espacio'', *Mural*, sección Gente, (25 July 2007)

received many emails asking for a platform in Spanish⁷⁷. The second example is the “Vive Latino festival of musical culture”, which since 2000 has put together in Mexico City the best bands in Latin America. It started in 1998 and it can currently be considered the best rock festival in the continent which promotes the Latin American identity. Due to the successful events, the organising committee decided to run a new edition of this festival in Chile⁷⁸. Thus, the creation of Myspace Mexico and the Vive Latino festival show is how Mexico plays a fundamental role in the music sector in Latin America.

Summing up, the position of Mexico represents an opportunity to connect Latin America with the US market.

Regarding the present situation of the Mexican music industry, executives, artists and the media are discussing many issues. I will point out three of the most important ones: piracy, concentration and the new generation of musicians.

In its recent history, the number of legal sales peaked up to 666 million dollars in 2000. This allowed Mexico to reach eighth place in the worldwide market ranking, in fact, its best position ever⁷⁹, in spite the fact piracy seems to be one of the factors for having descended positions on the ladder.

Moreover, Mexico is deemed a priority country in the IFPI’s 2006 Piracy Report. Said document estimates that 65 per cent of the physical sales, the biggest source of the business in the country, are illegal⁸⁰. Although new tactics to reduce piracy levels prove successful in Mexico, specifically in Guadalajara, it is still a “problem of alarming proportions⁸¹”. And now apparently, it is moving to digital distribution, as the IFPI remarks:

⁷⁷ *Ibid.* p. 2

⁷⁸ Vive Latino, ‘Historia’, *Vive Latino Festival website*, (2007) <<http://www.vivelatino.cl/#>> [Accessed 21 August 2007]

⁷⁹ IFPI, ‘2000 Recording Industry World Sales’, (2001) <<http://www.ifpi.org/content/library/worldsales2000.pdf>> [Accessed 27 July 2007]

⁸⁰ IFPI, ‘Piracy Report 2006’, (2006)

⁸¹ *Ibid.*, p. 15

“IPSOS [marketing research firm] showed that 570 million songs are downloaded illegally every year. More than 60 per cent of illegal downloaders accessed their music at Internet cafes and at least 40 per cent of them said they downloaded music to burn onto a CD-R⁸²”.

In addition, digital piracy in Mexico is over the global music industry’s average. Moreover, it is important to consider the number of inhabitants in the country, estimated in 106 million⁸³, and the number of Internet users, calculated in 22.7 million⁸⁴, then only 21.4 per cent of Mexicans have access to the Internet. It is even more interesting the average of illegal songs per user. The number provided by IPSOS divided into the number of internet users in Mexico results in 25 songs per user. This means eight more illegal songs than the global average. Márquez-Mees explains the situation by considering how people see piracy:

“Mexico is still far from acknowledging piracy as a crime. Justification on the basis of prices, employment generation and sort of Robin Hood concept of taking away from the rich foreign companies to give to the poor Mexican population is endorsed by almost all segments of the population⁸⁵”.

My position is that the problem lays on cultural and educational issues. The government should give support for campaigns and promotion for conscience awakening, but the industry needs to give a hand as well, especially concerning prices for markets such as Mexico. Moreover, from a CD whose cost is about GBP £15.99, 76% (GBP £12.16) constitutes profits exclusively for the record company and the retailer⁸⁶. If we compare these numbers with the minimum wage in

⁸² *Ibid.*

⁸³ INEGI, ‘Numeralia’, Instituto Nacional de Estadística, Geografía e Informática (2007), <<http://www.inegi.gob.mx/inegi/contenidos/espanol/acerca/inegi324.asp?c=324>> [August 23 August 2007]

⁸⁴ IWS, ‘World Stats’, (2007)

⁸⁵ Márquez-Mees (2004), p. 14

⁸⁶ Parker (2004), p. 12

Mexico of GBP £2.4⁸⁷, the situation becomes unsustainable. While I am not justifying this form of consumption, prices of legal CDs may be a factor in Mexico to keep people preferring piracy.

Concentration is the second issue. Although it does not directly belong to the music industry, the most extreme case to illustrate concentration is that the richest man in the world is Mexican: Carlos Slim⁸⁸. His fortune of 59 billion dollars over the Mexican economy generates a 6.3 per cent of contribution to the GDP⁸⁹, only 0.4 per cent difference compared to the cultural sector's production.

Problems of concentration are more evident in the media, as I mentioned before, and this relates to the last stage of the value chain in music. For example, Televisa takes about 80 percent share of domestic television⁹⁰. But García Canclini claims that:

“Regarding multimedia mergers, there should be only a few cases comparable to the power of concentration that Mexico possesses. One single company, Televisa, controls most of the public and private TV channels, radio broadcasts (Radiópolis and its 17 stations), it publishes magazines on leisure, home, information, and media news; it distributes TV programmes in more than 100 countries and promotes sports events, as it owns three football teams (Club America, Necaxa and San Luis)⁹¹”.

Due to the high concentration, Lara sustains that “radio and TV are not representing consumption of music as a whole. In Mexico this is remarkable because we have just a few stations⁹²”. Consequently, consumption is centralised as well as the market share (as I have stated above). Therefore, this has an effect on consumption habits: the same media is promoting the

⁸⁷ Estimation based on the numbers showed in INEGI, (2007)

⁸⁸ CNN, ‘Carlos Slim, the Richest Man in the World’ (2007)

<<http://money.cnn.com/2007/08/03/news/international/carlosslim.fortune/index.htm?postversion=2007080614>> [Accessed 21 August 2007]

⁸⁹ Relea, Francesc, ‘Carlos Slim: El Segundo hombre más rico del mundo’, *El País Semanal*, (15 July 2007), p. 15

⁹⁰ Hesmondhalgh, (2002)

⁹¹ García Canclini and Piedras Feria, (2006), p. 34

⁹² Lara, Camilo, (2007)

same genres and styles, and this translates into a concentration of contents. My perception is that this may have an impact on the lack of spaces to promote gigs and new releases, especially for recent projects coming from the independent sector outside Mexico City. The relation between media and music is explained in the role they play, because “the major labels control distribution, but the media organisations control the money⁹³”. Finally, for Hesmondhalgh the problem of concentration in Mexico evidences “extremely weak government regulations, allowing significant cross-media ownership and massive commercialisation⁹⁴”.

In summary, piracy and concentration are both the main challenges the music industry has to deal with. As I have explained above, both problems seem to be diminishing the potential development of the music industry.

Finally, the last issue I find worth of analysis is the new generation of musicians who are creating new tendencies to the extent to which “Mexico does not sound Mexican”. Moreover, apparently new rock and electronic bands are starting to play music with a tremendous influence from other countries. Regarding this, Kun sustains that:

“Thanks mostly to the downloadable avalanche of globalization and the rise of MySpace, the current independent rock scene is full of artists who may be from Mexico City but sound as if they were from New York, Stockholm or Paris. There are more young people making music on home computers, there are more places to play (galleries and storefronts as much as clubs) and there are more international acts coming to town⁹⁵”.

This is good news for artists who are trying to sell their music in foreign markets because they find acceptance. They are moving towards the global music styles and genres; youths are creating music they find innovative, with the influences they really like. Thus, in terms of

⁹³ Wenham, Allison, ‘The Independent Music Sector: Challenges and opportunities’, a dialogue with students on 1 March at the University of Warwick, (Coventry, 2007)

⁹⁴ Hesmondhalgh, (2002), p. 184

⁹⁵ Kun, Josh, ‘Indie musicians in Mexico City play to the world’, *International Herald Tribune*, (14 May 2007), <<http://www.iht.com/articles/2007/05/14/arts/mexrock.php>> [Accessed 28 August 2007], para. 2

connections with other markets, the new generation of musicians is being less regional and more open to new styles of music which translates into opportunities to globally sell their music. However, some others believe that this loss of “Mexicanity” in their creations may create a conflict of identification: Why to prefer Mexican pop music when American and British artists dominate the industry? In other words, artists are taking the chance to get into the global music business but without a remarked condition of its origin.

1.5 Latin alternative music

From my perspective, Latin alternative music is an example of the previous issue above. This is a categorisation within the Latin genre, created in the US industry to identify the origin of this kind of music. According to Blanc, “the term ‘Latin alternative’ refers to all the Latin music outside the commercial classification, out of the preconception of artists such as Shakira, Ricky Martin, etc⁹⁶”. Rather than only considering its origin, Latin alternative music creates a fusion and reinterpretation of some other genres. That is why it “may include a mixture of rock, tango, jazz, cumbia and electronic music⁹⁷”.

Moreover, Lechner argues that this mixture of styles deals with a new generation of musicians that were influenced by listening to new tendencies in music when he observes that:

“The sounds of rock, punk, hip-hop, and electronic music were present in their work, but there was also the refreshing appearance of a new element. These musicians grew up listening to their parents’ record collection of Latin American music: boleros, bossa nova, salsa, cumbias and syrupy Latin pop⁹⁸”.

⁹⁶ Blanc, Enrique, ‘Interview on the Latin Alternative music, conducted by the author on 15 July’, (Guadalajara, 2007)

⁹⁷ Blanc, Enrique, ‘La música ‘latina alternativa’’ in Ocio Supplement, *Público-Milenio*, (12 July 2007), p. 37

⁹⁸ Lechner, (2006), p. x

Lechner also points out that Latin alternative is a new movement in Latin America, and a consequence of the 80s' *Rock en español* wave when many bands decided to establish their own interpretation of rock from countries such as Argentina, Colombia and Mexico. For Lechner, some of the pioneer exponents were artists like *Los Fabulosos Cadillacs*, *Cerati*, *Gustavo Santaolalla* and *Gotan Project* from Argentina; *Andrea Etcheverri* and *Aterciopelados* from Colombia; and *Café Tacuba* and *Caifanes* from Mexico. He expresses recognition of their work when he claims that:

“The late nineties was a time of tremendous growth and transformation for Latin rock. This moment was all about the blossoming of a new generation of bands who were turning Latin alternative into one of the decade’s most exciting movements in the world⁹⁹”.

To conclude, it is clear why Mexico is included in the top ten markets of global music. As I have explained, it plays an exceptional role as a crossover between Latin America and the US due to the significance to distribute music all over the continent as well as a promoter given its proximity to the biggest market in the world. This represents an opportunity. Even though piracy and concentration seems to be the impeding factors for development, some indicators in both areas are higher than the global average.

In this chapter I explored the context of the cultural sector and the music industry as a subdivision of the previous. In the same way, I addressed some of the important issues around the situation of Mexico making emphasis on the opportunities and challenges. These are summarised in the following chart:

⁹⁹ *Ibid.*

	Opportunities	Challenges
Cultural Sector	Economic contribution to the national economy: third most important sector	Government does not consider the cultural sector as a priority for development
	Recognition of a strong cultural capital	Lack of strategy for development
	Ambitious projects at local level: the case of Guadalajara	Development in hands of foreign nationals and corporations
Music industry	Included in the list of top ten markets	High levels of piracy is an apparent driving force against the development of the music industry in Mexico
	Biggest market in Latin America and crossover function between the continent and the US	Significant industry but immature in development
	New generation of musicians	The contemporary music from Mexico sounds "less Mexican"

TABLE 1. SUMMARY OF OPPORTUNITIES AND CHALLENGES FOR THE DEVELOPMENT OF THE CULTURAL SECTOR IN MEXICO CONCERNING ISSUES IN THE MUSIC INDUSTRY

Considering these elements in the context for the research in question, I will explain the methodology I followed throughout this study and how these elements relate to the case study's findings. Previously though, following I present a definition of terms to facilitate the comprehension of terminology employed in the remaining chapters of this document.

1.6 Definition of terms

1. Artists: Creators of artistic works, appreciated by their originality or authenticity expressed through different forms of art¹⁰⁰. In this study, I will refer to artists as those people involved in the creation of music as composers, songwriters and featured performers within the selected bands of the case study.

¹⁰⁰ Abbing, Hans, *Why are artists poor?: The Exceptional Economy of the Arts*, (Amsterdam: Amsterdam University Press, 2002)

2. Contract: A contract is a legal statement to “regulate the dealings of the organisations or individuals which agree to be bound by them¹⁰¹”. This document gives publishing and record companies the right to exploit copyright works. The most significant forms of contracts in the music business are: band agreements, recording, publishing and management contracts¹⁰². For this research, I will focus on the second category, the documents that establish rights and obligations between labels and artists.
3. Label: It is the term used to describe the organisation that promotes the artists and deals with the commercialisation of their recorded music. It may be considered as the core liaison between the artists and the market. A categorisation of labels exists in terms of the role they play in the industry, divided into *majors* and *independents*. The basic difference between each other is that the latter are “more commitment to music as art”, while the former have a “cynical commercialism¹⁰³”. Another difference is the huge influence and capital majors have for promotion and distribution¹⁰⁴.
4. License: It is an intellectual property right transaction commonly used to allow labels a commercial exploitation of artists or records. It is conceived as “the temporary grant of right, usually in exchange for royalties¹⁰⁵”.
5. Royalties: The term royalties is included in contracts to define the percentage artists receive from commercial exploitation of their work. According to Parker, “the ostensible purpose of royalty payments

¹⁰¹ Parker (2004), p. 19

¹⁰² *Ibid*, p. 16

¹⁰³ Negus, Keit, *Music Genres and Corporate Cultures* (London: Routledge, 1999) p. 209

¹⁰⁴ Bustamante, Enrique, *Hacia un nuevo sistema de comunicación mundial: Las industrias culturales en la era digital* (Barcelona: Gedisa, 2003)

¹⁰⁵ Parker (2004), p. 41

is to reward the creator for the exploitation of his copyright works in proportion to their economic value¹⁰⁶”. The labels are responsible of paying a proportion of the proceeds of each sale of a copy of the creator’s work.

¹⁰⁶ Parker (2004), p. 242

2 RESEARCH METHODOLOGY

In this chapter I will explain the structure for this research. In the first section I will define some basic concepts such as the problem, purpose and questions. Afterwards I will define the strategy, methods and the research design I implemented along the study.

2.1 Problem definition

As I mentioned in the introduction, the situation I find worth of analysis is that there is evidence to sustain that Mexican talent is achieving recognition in a global context even though the cultural sector is not being developed within the country. The problem I identify, beyond the strategic decisions, is the lack of studies on *how* Mexico is developing businesses within the cultural industries, which would set the basis to think about its potential growth. My approach lays precisely on exploring this *how*.

It is necessary to underline that the problem addresses a situation that deserves a multidisciplinary study. To analyse the situation of a whole country and a whole sector it is essential to consider several factors, such as economical, political and social issues. What is more, considering the global perspective, this is a macro-level analysis. However, I will try to point out some guidelines that may be useful for further research, in a micro-level environment¹⁰⁷.

¹⁰⁷ Both concepts are defined in Grix, Jonathan, *The foundations of research*, (New York: Palgrave-MacMillan, 2004), p. 189

2.2 Purpose of research

In this study I explore the relations the Mexican music industry develops with foreign markets. Such exploration will be based on Latin alternative music to give some evidences on the connections the country has with the UK and the US. The findings will be useful to point out strengths that may be considered potential opportunities, as well as the weaknesses may represent the challenges to work with, beyond those I already identified in the context. The findings will intend to address some of the issues that may deserve further investigation.

2.3 Research questions

In the introduction I mentioned the following research question: *“what are the challenges and opportunities Mexico has to thrust the development of the cultural sector towards the global market?”* Even though I have already addressed some indicators in the previous chapter, I decided to narrow the spectrum of analysis into a specific situation. Moreover, rather than considering this wide perspective, I suggest some other questions based specifically on the music industry:

What elements favour/restrict the commercialisation of music outside the country?

What kind of connections is Mexico developing while producing Latin alternative music towards the global market?

What are the elements to establish such connections?

2.4 Research strategy

To respond to the questions above, I decided to use the *case study* research strategy based on a mix of quantitative and qualitative research. According to Yin, a case study “is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident¹⁰⁸”.

2.4.1 Case study definition

This case study is based on three bands which met the following characteristics:

1. *Mexican bands*. All the artists included in the case study were born in Mexico.
2. *Creators of Latin alternative music*. Their work is difficult to classify due to the mix of genres and styles they perform. However, all of them are included under this music category¹⁰⁹.
3. *Renowned talent*. Beyond sales statistics, these bands are calling the attention of the domestic market (Mexico), as well as in some other countries such as the UK and the US, to the extent of being recognised with important awards. For their respective labels, they represent the category of *stars*¹¹⁰.

¹⁰⁸ Yin (2003), p. 13

¹⁰⁹ Blanc (2007)

¹¹⁰ According to Negus, the staff within the major labels normally uses the term ‘stars’. It defines a categorization of artists that need substantial investment, sophisticated management. Stars are also the artists that attract further investments and possess prestige that can draw other artists to a company. See Negus (1999), p. 48

4. *Networking*. As I shall demonstrate in the next chapter, these bands are closely related in terms of production. Their creations have been taken as elements for negotiations within their three respective labels and these organisations have developed networking to create businesses.

This last point is crucial because the selection of bands has an implicit selection of labels. My position is that is in these links between bands and labels it is where the music industry is shaped as a system of relationships or a creative network¹¹¹ and consequently, where the sector can be analysed. Thus, this study is centred on three binomials. Such relations are defined as follows:

Bands	Labels
 <p>Plastilina Msh</p>	<p>Born in Monterrey, Mexico Signed in 1997 2 members 1 Grammy nomination</p> <p>Headquarters: Mexico City Managing Director: Camilo Lara</p> 
 <p>KINKY</p>	<p>Born in Monterrey, Mexico Signed in 2000 5 members 4 Grammy nominations</p> <p>Headquarters: London, UK Founder and CEO: Chris Allison</p> 
 <p>porter</p>	<p>Born in Guadalajara, Mexico Signed in 2004 5 members Mexican band with the highest number of plays on Myspace</p> <p>Headquarters: Guadalajara Label Manager: Alex Pérez</p> 

FIGURE 1. DEFINITION OF RELATIONS FOR THE CASE STUDY (BANDS-LABELS)

¹¹¹ Bilton, Chris, Management and Creativity: From Creative Industries to Creative Management (Oxford: Blackwell Publishing, 2007)

2.4.2 Case study design

Based on the Cosmos Corporation model described by Yin, this case study utilises the embedded single-case design with three units of analysis, which are the relations I described above. In fact, the multiple-case design is suitable for this research by considering each binomial (label-artist) as a single case study. Albeit I prefer to work in the single-case model by narrowing over the commons the units of analysis have.

Furthermore, I suggest three variables within the units of analysis as the following graphic illustrates:

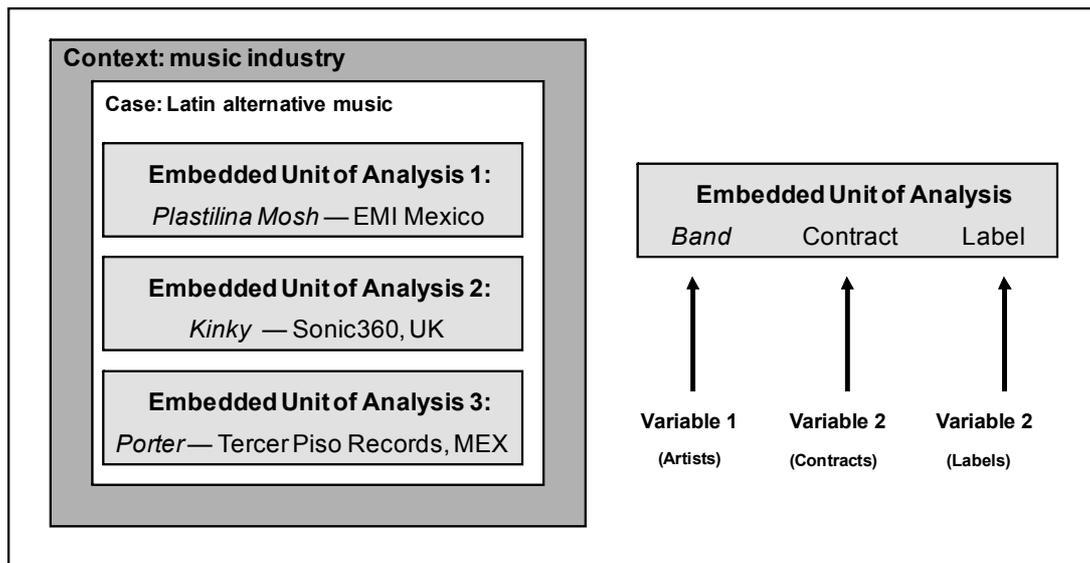


FIGURE 2. CASE STUDY DEFINITION BASED ON THE COSMOS CORPORATION MODEL BY YIN¹¹².

THE RIGHT SQUARE REPRESENTS EACH OF THE UNITS OF ANALYSIS AND THE VARIABLES IN WHICH THE CASE STUDY IS FOCUSED

Due to the nature of the context and inquiries I am suggesting, this case study will follow an *exploratory* rationale. Thus, as I mentioned before, my intention is not to find defined and

¹¹² Yin (2003), p. 40

predictable results, but to draw out within the Latin alternative music production a situational analysis to point out some of the potential guidelines for further studies.

2.4.3 Sources of evidence

According to Yin, “a major strength of case study data collection is the opportunity to use many different sources of evidence¹¹³”, and this represents as well a benefit for the exploratory model. Although the use of different sources of data may represent a complex situational analysis, I opted to search for evidence in different routes to give a broader view of the phenomenon. Moreover, for this study I utilised three different sources of information: a survey, documentation and interviews.

2.4.3.1 Survey

For variable 1 (artists), I decided to conduct a short survey. The objective was to have an idea of what is the perception of the creators behind Mexico’s situation and what they suggest to improve the way the music business industry is operated. I decided to ask the members of the bands involved in this case study what their opinions are regarding some topics such as management within the labels concerning international businesses, as well as what they identify as the priority issue in order to develop the music industry in the country. From my point of view, the artists’ opinion is important because they generate the value chain in music industry.

The strategy to gather the information was based on a self-administrated questionnaire¹¹⁴ emailed to at least one member of each band. In fact, such questionnaire was sent to 8 from the 12 potential respondents, but only 4 agreed to answer it. Although most of the artists demonstrated accessibility and cooperation for this research, some of them argued their opinions could expose a compromising position of the personnel, management style and some other issues within the label.

¹¹³ *Ibid.* p. 97

¹¹⁴ Fink, Arlene, *The Survey Handbook*, (London: Sage, 1995)

The questionnaire for the survey encompassed 6 questions and a copy of the form will be attached to the results of the findings section.

Contacting the artists was a long process, especially because the survey was conducted over the summer, when the bands are constantly touring. However, they were interested in the situation of the analysis.

2.4.3.2 Documentation

Yin strongly recommends the use of documents as a source of evidence for case studies. He recognises that “documents play an explicit role in any data collection in doing case studies¹¹⁵”. This is why variable 2 for this study is centred on the contracts.

These documents show the formal position the labels have towards commercialisation of music. Even though I have a specific variable to analyse the labels as organisations, I decided to consider contracts in a different one, as they reflect the intentions of the labels regarding specific areas of the music business, such as the selection of markets in which the music will be distributed or the investment agreed, all in relation to a specific artist. The most important aspect for analysing contracts is to bring into the light how the business is planned on specific artists.

Accessing contracts was perhaps the most difficult part of this research. I had the opportunity to directly access the documents of the independent labels. In the case of the major label, the information of the contract was described through out an interview with the managing director and such data was later confirmed with one of the members of the band who signed the document. Although the contracts were written in different languages, styles and law provisions on which the labels base themselves, I made a selection of the common clauses to establish a comparative framework.

¹¹⁵ Yin (2004), p. 87

2.4.3.3 Interviews

Variable 3 (labels) intends to draw out a profile of the labels as organisations. The information was gathered conducting a series of 4 interviews in Mexico City and Guadalajara. All of them were guided conversations following the open-ended nature in which key respondents provided “information about the facts of matter as well as their opinions about particular events”¹¹⁶.

Interviews were the most important source of information for this study, which provided data for all the sections described in this report. The selected participants offered explanations on the issues regarding the situation of the music industry in Mexico, described in the context, as well as valuable data for the analysis of the three variables of the case study. Moreover, they were the key elements to get the details to contact the artists along the survey; interviews gave some of the information concerning the contracts as well as the profiles of the labels. None of the conversations was recorded in order to establish a comfortable environment for the participants. The series of interviews is detailed in the following chart:

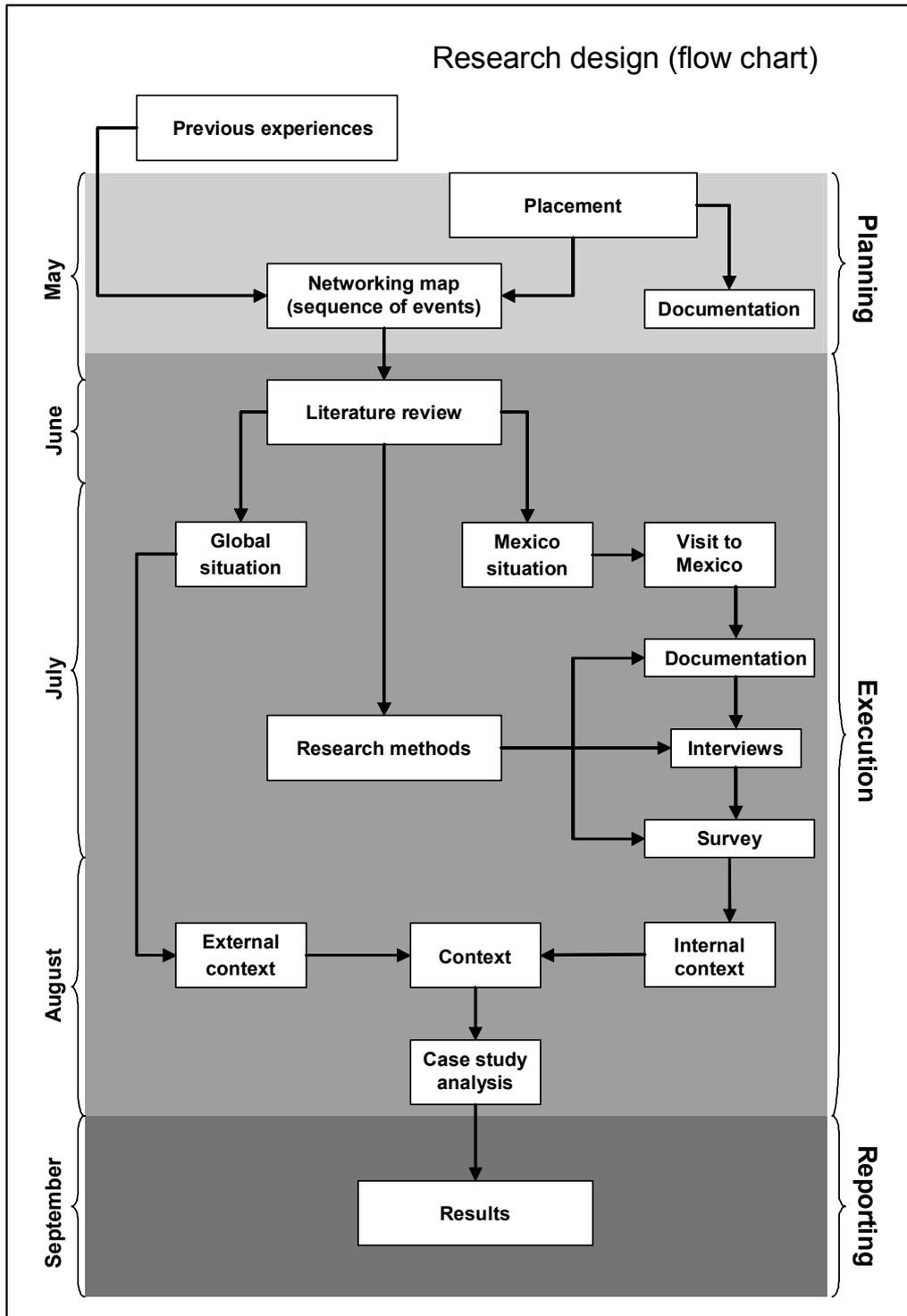
Interviews				
Place / Date	Name	Position	Organisation	Topics
Guadalajara / 15 July 2007	Enrique Blanc	Journalist	Público-Milenio Newspaper	Latin alternative music, music industry in Mexico
Mexico City / 18 July 2007	Camilo Lara	Managing Director	EMI Mexico	Music industry in Mexico, EMI Mexico, contracts
Mexico City / 19 July 2007	Ernesto Piedras	Director	The CIU Mexico	Cultural industries, music industry
Guadalajara / 23 July 2007	Alex Pérez	Label Manager	Tercer Piso Records	Tercer Piso, contracts

TABLE 2. INTERVIEWS REALISED ALONG THE RESEARCH

2.5 Research design

The research design I followed along the study was based on three stages: planning, execution and reporting, as summarised in the next figure:

¹¹⁶ *Ibid.* p. 90



117
FIGURE 3. RESEARCH DESIGN BASED ON BLAIKIE'S MODEL OF SOCIAL RESEARCH

¹¹⁷ Blaikie, Norman W.H., *Designing Social Research: The Logic of Anticipation*, (Cambridge: Polity Press, 2000)

2.5.1 Planning

The planning stage started by joining my previous experiences in the music industry with the placement. Moreover, before starting this course I had my first approach in the music business as an artist with Tercer Piso Records. I had the opportunity to record an EP as well as to tour across the country. This gave me a first impression of how the music industry operates in Mexico.

The complement was the placement, one of the modules I took in the MA. Furthermore, I decided to work for another independent label, Sonic360, specialised in the development of Latin alternative music in the UK and US markets. The interest this label has shown since the beginning on bands from Mexico, Chile and Argentina was a central issue during my stay in the organisation. My major contribution for Sonic360 was to help start negotiations with Tercer Piso Records for a license of the most recent album of *Porter*. The information I obtained from the placement in Sonic360 was a significant contribution for this study, as well as the interaction between both labels, which have different perspectives on commercial relations from Mexico and the UK.

The last procedure in the planning phase was to start drawing out the connections between both labels and the exploration within the Latin alternative music production. I found several connecting points to construct a *sequence of events* as evidence of the networking developed for the production of this style of music. Such sequence defined the exploration for the analysis and helped identify the elements by which networking is carried out between Mexico, the UK and the US.

I summarised the sequence of events in a twenty-point list which I consider essential to approach the case study. Furthermore, this list is the result of an inductive research strategy to link a succession of isolated events that attempt to understand what the relation among all of them is. Blaikie explains this strategy saying that:

“The inductive strategy starts with data collection, followed by data analysis, and the development of generalisations that, with further testing, can become law-like propositions to be used to explain aspects of social life¹¹⁸”.

Most of the information and data I used to construct the sequence of events was obtained from different sources of information such as articles in newspapers and chats with people involved in such events. The sequence of events is included in the next chapter with some of the findings on the case study.

2.5.2 Execution

The approach to the theoretical frame in the literature review was divided in two areas: the global situation and Mexico’s situation. Resulting from the first one I found extensive information resources on the cultural sector and the music industry. Nonetheless, the case of Mexico was exactly the opposite. Although I could find some authors related to the cultural industries field, the availability of books on music as an industry, specifically in the case of Mexico, is extremely limited and most of the material relates to historical approaches on traditional and folkloric music. In this respect, I scheduled a visit to Mexico in July to gather enough information for the context and to personally meet some of the people involved in the events described in the sequence. The research methods were the ones I specifically employed for the case study: documentation, interviews and the survey I described above.

After gathering information in Mexico, I made a selection of the material to define the context, addressing the particular issues in the country. By crossing both perspectives, the global approach and the situation of Mexico, the literature review was completed together with the definition of context presented in the first chapter.

¹¹⁸ *Ibid.*, p. 100

2.5.3 Reporting

The last stage consisted exclusively in the writing of this dissertation.

3 FINDINGS

“The musician’s experience and industry worker’s anxieties embrace chaos and confusion as a real explanation of social life and organizational existence, denying that the entire mess is amenable to any kind of systematic or ‘academic’ explanation¹¹⁹”.

In this chapter, the findings from the case study are presented according to the variables I defined previously in the next order: first, I will present some evidence of the networking found in the case study. Next is the analysis of labels, followed by the contracts, and finally the survey with the artists’ opinions. Results are based on inferences and only represent an empirical deduction of the results. However, the information presents evidence to point out some of the issues regarding the research questions.

Note: this section may contain confidential information intended only for the purpose of this study. In order to acknowledge the organisations that provided this data, discretion is recommended.

3.1 Networking

Using information gathered along the study, and mainly based on interviews and access to some other documents, I proceed to construct a sequence of events that I consider representative for the negotiations surrounding the three bands and the three labels I selected for the case study. As I mentioned before, the sequence shows different interconnections of isolated events constructing a framework to visualize the relations that Mexico is developing with foreign markets, in this case, the UK and the US. The list of events is as follows:

¹¹⁹ Negus (1998), p. 8

Event num	Year	City	Country	Description
1	1994	Guadalajara	Mexico	Alex Pérez, the drummer of a band called <i>Azul Violeta</i> visits the UK while recording the album "America", produced by Richar Blair in Real World studios
2	1997	Monterrey	Mexico	<i>Plastilina Mosh</i> starts its career and is signed by EMI-Virgin Mexico
3	1997	New York	US	The song "Niño Bomba" by <i>Plastilina Mosh</i> becomes the first ever Latin alternative single aired on MTV (US)
4	2000	Mexico city	Mexico	EMI-Virgin Mexico hires the British producer Chris Allison for <i>Plastilina Mosh's</i> new album "Juan Manuel".
5	2000	Monterrey	Mexico	During the recording of this album, <i>Plastilina Mosh</i> introduces to Chris Allison a new band in Monterrey called <i>Kinky</i>
6	2000	London	UK	Chris Allison founds Sonic360, an independent record label. <i>Kinky</i> becomes its first signed artist
7	2001	Los Angeles	US	Sonic360 establishes its US affiliate, Sonic360 US
8	2002	Santa Monica	US	<i>Kinky</i> achieves two Grammy nominations: "Best Album" (Latin Grammy's and American Grammys) for their album "Kinky"
9	2004	Santa Monica	US	<i>Kinky</i> and <i>Plastilina Mosh</i> are nominated for the "Best Alternative Album" (Latin Grammys) for their respective albums "Atlas" and "Aquamosh"
10	2004	Mexico city	Mexico	<i>Kinky</i> faces a legal demand for alleged exploitation of a pre-registered name. For this reason, the band is forced to cancel all their live performances in Mexico
11	2004	Guadalajara	Mexico	Tercer Piso Records starts operations and hires Alex Pérez as label manager
12	2004	London	UK	Sonic360 signs <i>Fussible</i> , from Tijuana, as its second Mexican artist
13	2005	Mexico city	Mexico	<i>Kinky</i> receives a legal resolution of the case and restarts touring in Mexico
14	2005	Guadalajara	Mexico	Tercer Piso Records signs <i>Porter</i>
15	2005	Monterrey	Mexico	<i>Kinky</i> establishes its own label called Kin Kon records to release their new album "Reina"
16	2006	Monterrey	Mexico	<i>Plastilina Mosh</i> finishes their contract with EMI-Virgin. One of the members starts to play in a side project
17	2007	Guadalajara	Mexico	<i>Porter</i> occupies the fifth place in the top ten list of national sales in Mexico, according to Amprofon
18	2007	London	UK	Sonic360 opens negotiations with Tercer Piso for a licensing deal on <i>Porter</i> for their album "Atemahawke"
19	2007	Guadalajara	Mexico	Tercer Piso Records declines Sonic360's proposal for licensing <i>Porter's</i> new album
20	2007	Miami	US	<i>Kinky</i> achieves its fourth Grammy nomination: "Best Alternative Album" (Latin Grammys) for the album "Reina"

Source: Labels

TABLE 3. SEQUENCE OF EVENTS

In the next figure, such events are showed in a map to identify the cities involved in the networking:

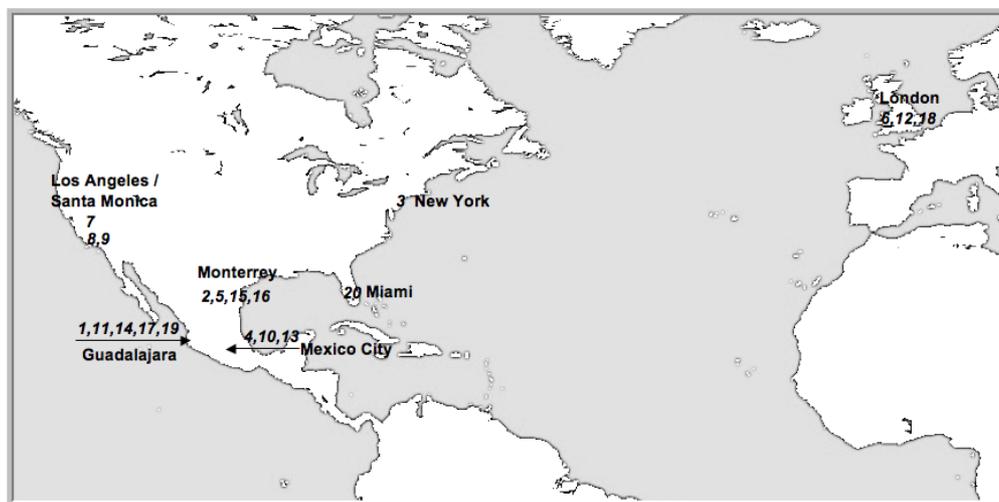


FIGURE 4. CITIES IDENTIFIED IN THE NETWORKING ACCORDING TO THE NUMBER OF EVENT

When considering these events, it is possible to infer the following points:

3.1.1 Relationships for production

The music industry generates its networking based on specific contexts such as the style of music. Moreover, the sequence shows how Latin alternative music has developed particular relations regarding production, linking the organisations, bands and key people identified for the case study. Negus recognises this as an ‘aesthetic fragmentation’ within the music industry by stating that “artists, audiences and industry personnel remain within their genre boxes¹²⁰”. In the map above it is possible to identify some of the cities that may represent production centres. In Mexico, four places are visible: Monterrey, Guadalajara, Mexico City and Tijuana. Such cities are connected with Miami, New York, Los Angeles, Santa Monica and London.

¹²⁰ Negus (1999), p. 170

In the sequence, I am pointing out how some of the facts have a specific impact on the others. For example, points 4 to 6 illustrate a consecutive connection in which two bands and one producer generates the foundation of a label. Thus, networking may be deemed an essential form of relationship to develop music in terms of production. And Mexico, the UK and the US seem to be interconnected for the development of Latin alternative music.

3.1.2 Different roles in networking

An aspect which is worth of a deeper analysis is the role each country plays in this kind of networking. According to this list of events, while separating the information by the places where such situations occurred, some evidence exists to say that Mexico's development in Latin alternative music lies on the artists. This is one of the points I addressed at the beginning of this document as an assumption, and here are some indicators to assume its potential validity. Moreover, most of the events described in the list have repetitive connections with the bands. Thus, they are apparently an important driving force to pull the relations with the other elements, such as producers and labels. Negus suggests that artists possess a particular value when he states that:

“Artists are perceived to have what is called ‘matrix value’ if they can be moved out from their home market. The assumption is that this can potentially bring a greater financial return for proportionately less investment. This is clearly a motive, and influences the strategic movement of any musical style across the world¹²¹”.

In regards to the UK, this country is listed with events involving producers and negotiations. Therefore, there is some evidence to sustain that the UK provides knowledge and resources to develop businesses around the talent. In fact, the strongest argument for this assumption is that the band with the highest recognition (Kinky, with 4 Grammy nominations) was developed in hand with the UK label. In this sense, the UK may be playing the role of liaison between Mexico and the US due to their cultural linkage. In addition, the UK government considers the US the most

¹²¹ *Ibid*, p. 148

important country for exports¹²² and this may incentive the interest in the development of such businesses.

Finally, all the events showed in the list of events suggest that the US is the place where the highest recognition is given for the bands involved in this case study. The events included in the list illustrate how this country approves the work of the recordings throughout the Grammy nominations. Yúdice identifies this position saying that: “the opportunity Latin American music may have in international markets must pass through the US because it is there where the pop culture has been shaped¹²³”.

In sum, the sequence of events evidences the networking regarding the Latin alternative music’s production and how different roles are implicit in this process. In this case, and according to the origin in which the events in the sequence took place, Mexico seems to be a talent provider, the UK a source of expertise, and the US the country which gives the recognition in music production.

3.1.3 Variable 3: Corporate structure within labels

The organisations that represent the artists in this case study show a wide range of differences in terms of the resources they have for music development. The data gathered for such assumption is presented in the following table:

¹²² UKTI, Music Industry, Export Services Guides, (London: UK Trade and Investment Office, 2006)

¹²³ Yúdice (1999), p. 232

Category	Labels		
	EMI Mexico	Sonic360	Tercer Piso
Headquarters	Mexico City (Subsidiary EMI LTD, London)	London	Guadalajara
Num of employees	100	8*	4
Artists in catalogue	30 (each year)	17	8
Recordings to date	Thousands	43	12
Presence	Mexico and the world through out EMI LTD	UK and US (licensing deals mainly through Fontana-Universal), rest of the world through out other independent and major labels	Mexico (one licensing deal with an independent label in Spain and other with Universal Mexico)
Market position	3rd in Mexico	N.A.	N.A.
Mexican mainstream artist	RBD	Kinky	Porter
Copies sold, main stream artist, to date	10 million (estimated) worldwide	150 thousand (estimated) worldwide	70 thousand only in Mexico
Catalogue dist by language	70% Spanish 30% English (estimated)	80% Spanish 20% English (estimated)	90% Spanish 10% English (estimated)
Income distribution	75% physical dist	25% physical dist	90% physical dist
	15% digital dist	35% synchronisation	5% digital dist
	10% other	15% digital dist	5% licensing to third parties
		25% licensing to third parties	

* Including employees of its US affiliate, Sonic360 US
Last update: July/2007

TABLE 4. LABELS PROFILES

3.1.3.1 Scope

Even though the three labels have the production of Latin alternative music in common, there is a wide range of differences between them as organisations. First is the access to other markets. Moreover, the independent Mexican label has developed relations with only one other country (Spain), in contrast with the spectrum the other two labels have under the concept mentioned as ‘the world’. Negus interprets such differences as a consequence of a corporate culture in which organisations construct organizational forces to shape the business only in favour of those who possesses the resources to bring the music to the ‘global market’¹²⁴.

¹²⁴ Negus, (1999)

An interesting point is the number of copies the Mexican independent label has sold with its mainstream artist in the domestic market only (70 thousand), which represents almost half of the albums sold by the UK label throughout 'the world' (150 thousand). This specialisation over the domestic market, from the Mexican independent label, may be evidence of what Negus identifies as the lack of power within organizational structures assuming that:

"Many artists remain decidedly 'local', not because their music has no intrinsic appeal outside its specific bas and not because it is never actually heard outside the locale. It remains local or national or 'domestic' because the resources are not invested across national territories and because organizational structures do not allow the artist to cross over to different regions within the corporation¹²⁵".

3.1.3.2 Physical distribution vs. synchronisation

Percentages of income distribution of Mexican labels show a clear tendency that physical distribution is still the most important business form. In contrast, the UK label evidences a fragmentation of profits where synchronisation is the most important source of revenues. As I mentioned in the first chapter, the business of the music industry is moving from physical towards digital deliveries and this is evidence of such phenomenon. Nevertheless, the importance the creation of CDs has for the Mexican market (even the major label shows this tendency) is a basic difference that may constitute a gap for negotiations. Thus, the music business is not the same for all territories and this would represent a potential disadvantage for countries like Mexico. My point here, beyond the analysis of this gap, is that the way Mexican labels prioritise distribution on CDs may have an impact on the whole production towards the global market.

To summarize, label's profiles show clear differences between the scopes the organisations have in music production. Although it is debatable that the major label has developed important businesses in Mexico, it is clear that the independent one has remarkable weaknesses to even try to compete in the global market. Additionally, the way both Mexican labels perceive the music

¹²⁵ *Ibid*, p. 170

industry business seems to be outdated, as they still perceive physical distribution as their main source of income.

3.1.4 Variable 2: Contracts

I drew out a comparison between the different agreements executed by the labels in this case study. Most of the contracts consulted relate to recording services although one focuses on licensing¹²⁶. Beyond making categorisations, my aim is to outline how the labels and artists agreed their business relationship through these contracts and how they established their own limits for the business. As we shall see, such documents confirm some of the tendencies addressed in the previous findings. The information is presented in the following chart:

Clauses	Unit of analysis / Artists / Labels / Year of signing			
	1.- <i>P. Mosh</i> / EMI (1997)	2.- <i>Kinky</i> / Sonic360 (2000)	3.- <i>Porter</i> / Tercer Piso (2004)	Sonic360 / Tercer Piso (2007)
Contract category	Recording services	Recording services	Recording services	License
Based in	Mexican Law	UK Law	Mexican Law	UK Law
Term	10 years	15 years	5 years*	10 years
Territory	The world	The world	Mexico	US and Canada
Royalties	5-12% of net profits less production costs	50% of net profits, less VAT and other expenses	20-22% subject to negotiation	25% of net profits, less VAT and other expenses
Recording commitment (albums)	3 + 1 optional album	1 + 1 optional album	1	1 (album to license)
Recording investment (USD)	1st album: 50 thousand 2nd: less than 50 thousand 3rd: less than 50 thousand	1st album: 15 thousand	Nothing (the band paid for the recording services)	Nothing, the album was already produced
Promotion	National and international	International	National	International
Status	Expired	NA.	In force	Declined

TABLE 5. CONTRACTS

¹²⁶ I decided to consider this contract as well as evidence of how the deals in the music industry are taking different forms according to the labels' needs and interests. This is just an example of how the labels can negotiate according to specific products. The Mexican independent label declined the proposal made by the UK label due to "significant differences in the way both conceive the industry".

3.1.4.1 Territory and term

According to Negus, territory is one of the controversial clauses in contracts for the music industry. To explain this situation he uses an example when suggests that:

“Musicians routinely sign contracts assigning the ‘territorial rights’ to the US or North America with one company and complete a deal for ‘the rest of the world’ with another label. The reasoning guiding such a decision is the judgement that while some companies may dominate distribution and retail sales in the US, they may be less skilled at getting recordings to the public in other parts of the planet. Small companies or independent labels also routinely license their recordings to different companies operating in a range of territories, defined as a nation or a region covering a number of different nation states¹²⁷”.

Thus, the clause of territories in contracts is oriented towards the commercialisation of music in different parts of the world. The concept of ‘international market’, as Negus recognises, is attractive for some corporations because it represents the opportunity to gain extra income for proportionately less additional investment. However, this chance is only for the organisations that have the resources to place music in other parts of the world. As it is clearly shown in the chart above, that position is assumed in two labels except for the Mexican independent one. Again, the issue on scope is evident, and said label recognises its limitations.

The same situation occurs with the clause described as the ‘term’. Although the labels procure at least 10 years for the length of the contract, the Mexican independent label assumes a commitment of only 5 years. The length, according to Hesmondhalgh, is a clause that may affect the artists’ position:

“A particularly important issue in the music business in recent years has been the restraints on symbol creators brought about by the long-term nature of the recording contract. Although established star names are able to negotiate relatively high royalty rates, many contracts remain very long term in nature and this is actually a disadvantage for the artists¹²⁸”.

¹²⁷ *Ibid.*, p. 152

¹²⁸ Hesmondhalgh, David, *The Cultural Industries*, second edition, (London: Sage, 2007), p. 208

Therefore, this disadvantage may be against the nature of the talent the Mexican side seems to provide.

3.1.4.2 Commitment and investment

Concerning the number of albums, the 'optional' term is a structure to emphasise the long-term commitment. Caves suggests that the option structure is a vital feature on the recording contracts as an obligation for the artist:

“Nowadays the terms commonly require the artist to deliver a second album within some number of months after the first. The label’s acceptance carries an increased advance royalty, but it also commits the artist to ready yet another album, the cycle continuing for a total of eight to ten records¹²⁹”.

Thus, the number of albums described in the contracts deals with the period of time the labels consider to commercially exploit the music of artists. Again, both the major and the UK independent suggest a position considering optional albums, while the Mexican independent label assumes again a limited condition.

Regarding investment, there is not much to say: the lack of resources made the band from the Mexican independent label pay for the recording services. The UK independent label assumes to invest an amount. However, both are nothing compared with the budget the major has.

In sum, some points like term and territory, as well as albums committed and investment described in the contracts the labels execute with the artists, suggest the position the organisations and artists assume to develop the business. However, some of these clauses may be diminishing the role the artists may play in the global market. In addition, as I showed in the chart, the less

¹²⁹ Caves, Richar E., *Creative Industries: Contracts Between Art and Commerce*, (Cambridge: Harvard University Press, 2000), p. 63

commitment the labels admit in the business relation, then less possibilities they assume in the development of the business. Again, the commitment the Mexican independent label assumes in contracts is not equitable, in terms of competitiveness, to the other models.

3.1.5 Variable 1: Artists' perception

The last variable I suggested was the artists. They are the last item of the relations on which this case study is based. The questionnaire and results of the survey are found in the next table:

Survey Format / Answers																						
<p>1.- What is your opinion about the management skills of the personnel within the label that represent you regarding to the businesses they realise outside the country? (Negotiating skills, knowledge about the music industry in other countries, language sk</p> <p>A.- Excellent B.- Good C.- Regular ← D.- Bad E.- Extremely bad</p>																						
<p>2.- What is your satisfaction level regarding to the contract you signed with the label?</p> <p>A.- Totally satisfied B.- Somewhat satisfied ← C.- Somewhat dissatisfied D.- Totally dissatisfied</p>																						
<p>3.- Sort by the importance you give (1 is the most important 6 the less important) to the following clauses of a contract:</p> <table border="0"> <tr> <td>A) Term</td> <td style="text-align: center;">1</td> <td>Term</td> </tr> <tr> <td>B) Territory</td> <td style="text-align: center;">2</td> <td>Specific clauses (exclusivity, perpetuity, etc)</td> </tr> <tr> <td>C) Albums (committed)</td> <td style="text-align: center;">3</td> <td>Other: respect on band's creativity and clarity on business</td> </tr> <tr> <td>D) Royalties</td> <td style="text-align: center;">4</td> <td>Royalties</td> </tr> <tr> <td>E) nvestment (committed)</td> <td style="text-align: center;">5</td> <td>Territory</td> </tr> <tr> <td>F) Specific clauses (exclusivity, perpetuity, etc)</td> <td style="text-align: center;">6</td> <td>Albums (committed)</td> </tr> <tr> <td>G) Other:</td> <td style="text-align: center;">7</td> <td>Investment (committed)</td> </tr> </table>		A) Term	1	Term	B) Territory	2	Specific clauses (exclusivity, perpetuity, etc)	C) Albums (committed)	3	Other: respect on band's creativity and clarity on business	D) Royalties	4	Royalties	E) nvestment (committed)	5	Territory	F) Specific clauses (exclusivity, perpetuity, etc)	6	Albums (committed)	G) Other:	7	Investment (committed)
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F) Specific clauses (exclusivity, perpetuity, etc)	6	Albums (committed)																				
G) Other:	7	Investment (committed)																				
<p>4.- Please calculate a distribution of your income according to the following sources:</p> <table border="0"> <tr> <td>A) CD sales</td> <td style="text-align: center;">16%</td> </tr> <tr> <td>B) Live performances</td> <td style="text-align: center;">53%</td> </tr> <tr> <td>C) Digital distribution</td> <td style="text-align: center;">5%</td> </tr> <tr> <td>D) Synchronisation</td> <td style="text-align: center;">12%</td> </tr> <tr> <td>E) Licenses to third parties</td> <td style="text-align: center;">10%</td> </tr> <tr> <td>F) Official merchandising</td> <td style="text-align: center;">4%</td> </tr> <tr> <td>G) Other:</td> <td style="text-align: center;">0%</td> </tr> <tr> <td>Total:</td> <td style="text-align: center;">100%</td> </tr> </table>		A) CD sales	16%	B) Live performances	53%	C) Digital distribution	5%	D) Synchronisation	12%	E) Licenses to third parties	10%	F) Official merchandising	4%	G) Other:	0%	Total:	100%					
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Total:	100%																					
<p>5.- Plese sort by importance (5 is the most prior and 1 is the less prior) the following issues that should be considered as priorities to improve the situation of the music industry in Mexico</p> <table border="0"> <tr> <td>A) Reduction in levels of piracy (a new legal framework)</td> <td style="text-align: center;">1</td> <td>Reduction in levels of piracy (a new legal framework)</td> </tr> <tr> <td>B) Promote fiscal incentives for creators of music (to give incentives to motivate production)</td> <td style="text-align: center;">2</td> <td>Other: A legal framework especially for Internet and digital distribution</td> </tr> <tr> <td>C) More consideration by the government (projects to support the music industry)</td> <td style="text-align: center;">3</td> <td>Reduction on prices of original CDs</td> </tr> <tr> <td>D) Reduction on prices of original CDs</td> <td style="text-align: center;">4</td> <td>Promote fiscal incentives for creators of music (to give incentives to motivate production)</td> </tr> <tr> <td>E) More spaces for promotion of independent productions</td> <td style="text-align: center;">5</td> <td>More spaces for promotion of independent productions</td> </tr> <tr> <td>F) Other:</td> <td style="text-align: center;">6</td> <td>More consideration by the government (projects to support the music industry)</td> </tr> </table>		A) Reduction in levels of piracy (a new legal framework)	1	Reduction in levels of piracy (a new legal framework)	B) Promote fiscal incentives for creators of music (to give incentives to motivate production)	2	Other: A legal framework especially for Internet and digital distribution	C) More consideration by the government (projects to support the music industry)	3	Reduction on prices of original CDs	D) Reduction on prices of original CDs	4	Promote fiscal incentives for creators of music (to give incentives to motivate production)	E) More spaces for promotion of independent productions	5	More spaces for promotion of independent productions	F) Other:	6	More consideration by the government (projects to support the music industry)			
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F) Other:	6	More consideration by the government (projects to support the music industry)																				
<p>6.- What does the Mexican music industry needs for its development?</p> <p>A) Control over piracy ← B) More creativity to develop business models C) Educational projects linked to music</p>																						

TABLE 6. SURVEY'S FORMAT AND ANSWERS

3.1.5.1 Differences in business models

The average in the numbers of distribution of income points out that CD sales are not a representative source of profit for artists. Live performances, instead, represent more than 50% of their total revenues. This is apparently a global tendency in which artists are taking more control of their revenues. However, even more interesting is the close number between CD sales and synchronisation. As I mentioned above, the gap between the distribution models of the UK and Mexican labels (where CD sales are still essential for the latter) and how the artists perceive revenues may have an impact on production. In other words, the focus the artists have to develop their business is different than the one the labels have. Thus, the model the Mexican music industry proposes may be not attractive enough for the artists and this may be an argument to encourage them to look for other business opportunities outside the country.

3.1.5.2 The same voice: “stop piracy”

Points 5 and 6 in the survey show a unanimous voice to identify what the Mexican industry needs to develop. Although some other issues I addressed in the context were part of the questionnaire, artists agreed that controlling piracy is the central element to think about any improvement in the Mexican music industry.

3.2 Case study conclusions

“The work of the artist is not to assume the limitations of an adverse reality”

Anonymous

I have presented the information gathered for the case study and the analysis of some of the findings. In fact, there are more items for a further discussion, but my intention was, as I addressed in the objectives, to point out some of the issues, not finding a solution for all of them.

As I mentioned before, the case study was based on Latin alternative music as a sample within the music industry in a global context. The design considered three units of analysis from which I proposed three variables where the focus of production is allocated: labels, contracts and artists.

I started the analysis mentioning that Latin alternative music possesses its own networking for production. By establishing a sequence of events, I presented some evidence to say that, in this style of music, Mexico provides talent through its artists, but the UK and the US play different roles in production, like management and recognition, respectively. This interconnection is a natural condition of the music industry, but the different positions I suggest are more an effect of the nature of the market's configuration. As Abbing affirms: "Pop music is basically an Anglo-Saxon invention". Currently pop music is consumed and produced all over the world. Nevertheless, the bulk of innovations continues to come from the US and Britain¹³⁰. Thus, their position is determinant at a global scale over some other centres for production, like Mexico.

Regarding labels, I have argued that there is a wide range of differences concerning the scope between the organisations, and I presented some evidence to establish that a gap exists between the ways the labels perceive the music business in Mexico than in the UK. Yet, we must consider that the nature of the organisations can establish some tendencies in the analysis with an obvious favourable position for the major label over the independent ones. However, the comparison between the two independent labels is more illustrative to make inferences on the potential situation of the music industry in Mexico: the opportunities to compete are limited, and regarding the global context, perhaps the only way to have access to foreign markets is through other companies, as I exposed in the sequence of events. García Canclini affirms this limitation when he says that: "The world is organised in a way in which the resonance of those secret stories is unsustainable. But its stealthy continuity still constitutes a part of the relations between culture and development¹³¹". Another consideration is the time period selected for the case study. One of the objectives I addressed was to put in evidence the networking developed around the Latin alternative music. Although this comparison is not made with contracts issued in the same year, the selection shows how the music industry is creating new models for businesses to allow the

¹³⁰ Abbing (2002), p. 223

¹³¹ García Canclini and Piedras Fera (2006), p. 42

displacement of productions: from recording contracts with long terms and investments, to licensing deals for specific products.

I suggested the analysis of contracts as evidence of the position the labels and the artists have towards the commercialisation of music. I addressed how the less the commitment the labels admit, the more limited possibilities they assume for the business development because they establish such agreements based on their resources. In this area, I showed the extreme limitations the Mexican independent label assumes in clauses such as term and investment.

Finally, I asked the opinion of some of the artists involved in the creation of Latin alternative music. Although its opinion reflected in this study represents only a minimal sample, I pointed out how the model of revenues they have differs from the model of business the Mexican labels develop, and how they are recognising that piracy is the core constraint for the development of the music industry in Mexico.

On the whole, I have presented evidence to say that Latin alternative music production has an unfavourable balance in the development of businesses in Mexico towards the global market. Moreover, as I described along the case study, there are more elements that restrict the commercialisation of Mexican music in the global market. Even if such commercialisation is occurring, the position the country has is limited and the connections concerning production evidences the structural problems the country has within the cultural sector.

However, there are some other factors that favour the music trade from Mexico. Some styles of music, artists and cultural products are finding markets at an international level. Finally, independent production is rising as a bridge for cultural exchange and should be stimulated to favour creation in the country. These aspects deserve further studies, especially considering together the music with other cultural industries like the film, as I mentioned at the beginning of this document, to find out what are the commons of the Mexican talent across the cultural sector.

4 GENERAL CONCLUSIONS

The case study I performed presents evidence to recognise that music, the industry that represents the biggest economical contribution for the cultural sector in Mexico, faces structural problems to try to compete at a global scale. Therefore, this is an important indicator on the situation cultural industries in the country face. García Canclini recognises the problematic situation by saying that:

“The weakness of Mexican public policies over the cultural industries and the lack of regulations in economical processes have caused decreases in the volume of production and market share of national producers. The tendency becomes critic through the collapse of many publishing firms, record labels and thousands of sales points (bookstores, music stores, etc). The low interest the State has for this strategic field, beyond the fact that we are not taking advantage of a vast repertoire of local resources that would improve the figures on employment and the balance of trade, is impoverishing the diversity and cultural communication of what is produced¹³²”.

There is no doubt about the cultural richness the country possesses, but in regards to the cultural sector, many issues arise. The fact that artists are achieving recognition does not mean the country possesses the bases for considering the cultural industries as advantages for international competitiveness.

Moreover, the international cultural trade of Mexican products is occurring even more so due to the nature of the global industries than to the power of the infrastructure Mexico could have. Thus, a more serious problem arises as to which are the countries that control such nature for commercialisation and if it is possible to revert the situation. However, before thinking on international trade, Mexico needs to internally lay the foundations and work for sustainability in the cultural sector.

¹³² *Ibid.*, p. 25

The opportunities and challenges of the whole study are summarised in the following table:

	Opportunities	Challenges
Cultural Sector	Economic contribution to the national economy: third most important sector	Government does not consider the cultural sector as a priority for development
	Recognition of a strong cultural capital	Lack of strategy for development
	Ambitious projects at local level: the case of Guadalajara	Development in hands of foreign nationals and corporations
Music industry	Included in the list of top ten markets	High levels of piracy is an apparent driving force against the development of the music industry in Mexico
	Biggest market in Latin America and crossover function between the continent and the US	Significant industry but immature in development
	New generation of musicians	The contemporary music from Mexico sounds "less Mexican"
Latin Alternative Music	Mexican organisations are developing networking for production	Their role is limited only as providers of the raw material: creative talent
	Independent production is allowing interconnections for distribution of music created in Mexico	Mexican independent production seems weak against the market structures
	Artists are achieving awards internationally	Artists recognise the limitations the industry has in Mexico and look for opportunities in foreign markets

TABLE 7. SUMMARY OF THE ANALYSIS

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