

Hybrid Economy in the Digital Age: The Case of the Independent Music Community

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Abstract

The Internet is creating an increasing number of virtual communities and organisations. For many people, these virtual spaces are more real and important to them than anything in the physical world. The nature of these virtual communities and the way they are changing the relationship between market and non-market forms, are the focus of this article. As our study of the independent music scene in South Korea will show, fans have created their own virtual community, which has developed powerful non-market practices that coexist with and influence existing market practices to create a new, hybrid economic mechanism. To understand how this apparently chaotic and unregulated hybrid economic mechanism operates, we draw on studies of digital economy. This perspective seeks to understand hybridity in the economy and widespread participation and power equalisation as core factors in the development of virtual communities.

Keywords: virtual community, consumer community, hybrid economy, digital economy, commons-based peer production, independent music, South Korea

Introduction

In this article, we seek to understand how a community of the hybrid economy emerge. A hybrid economic system is the form of economic system that combines capitalist and gift economy forms (Elder-Vass, 2016; Grassl, 2011), and sustains through commons-based peer production (CBPP) which facilitates the collaboration and engagement between producers and consumers (Benkler, 2006; Berdou, 2010; Scaraboto, 2015). It, therefore, substitutes the dominant capitalist economy form for commodity. This research will be able to offer new empirical understanding of the underexplored hybrid economy. To do this, we examine the creation of the independent music community in South Korea and its transformational impact on the relationship between music businesses and music fans. We focus on this sector because the music industry is one of the key areas where a range of new hybrid economic forms, incorporating both commodity and gift elements, have emerged (Berdou, 2010; Hracz et al., 2016; Hutchinson, 2017).

The traditional view of the relationship between businesses and the communities they serve tends to see consumers as having a relatively passive role in the production of goods and services. The Internet is enabling this passive view of the consumer's role to be challenged and, in turn, is changing the nature of the relationship between businesses and the communities, in some cases quite radically (McAfee and Brynjolfsson, 2017; Prahalad, 2004; Vargo and Lusch, 2004). As Sawhney and Kotler (2001: 392) note, instead of firms only

chasing customers' money, many are now "cultivating relationships with customers and complementors" in order to involve them in the value-creation process.

In the cultural industries, this is leading to a blurring of the lines between producers and consumers and on a wider scale between businesses and society (Berdou, 2010; Hracs et al., 2016; Hutchinson, 2017). Fans are coming together to form communities that produce their own free videos, fanzines, promotional material, Twitter feeds, Facebook pages, and so on, aimed at extending, deepening, and enhancing their own and others' cultural experiences. Businesses are also "consuming" these in order to develop and promote their cultural products (Berdou, 2010; Choi and Burnes, 2016; Hracs et al., 2016; Hutchinson, 2017). This provision of free labour is often referred to as the "gift" (non-market) economy to distinguish it from the commodity (market) economy (Jenkins and Deuze, 2008). Benkler (2006), in particular, identified commons-based peer production (CBPP), which has characteristics of the decentralised system and commons-based resource sharing, and suggested that it stands in contrast to the industrial commodity production model.

This binary distinction between market and non-market exchange mechanisms derives from the work of Mauss (2001), who saw them as distinct and incompatible entities, a view accepted by most researchers until recently (Bird-David and Darr, 2009; Elder-Vass, 2016, 2018). However, with the rise of the Internet, new, hybrid economic forms, which incorporate both market and non-market characteristics and which blur the distinction between producers and consumers, have been identified, especially in sectors that deal with cultural content, scientific knowledge, and business innovation, the best-known examples being Google and Amazon (Benkler, 2006; Elder-Vass, 2016, 2018). A hybrid economic system is the form of economic system that combines capitalist and non-market economy forms (Elder-Vass, 2016; Grassl, 2011; Scaraboto, 2015). Indeed, Bird-David and Darr (2009: 320) now argue that "gifts and commodities as well as their hybrid formulations are intertwined at the heart of

mass consumption markets”. Thus, paradoxically, though we live in a neoliberal era, where monetary rewards seem to be more desired than ever and many individuals work extremely long hours with very little time for themselves, gift communities seem to be thriving (Stiglitz, 2010; Sun et al., 2012). Previous research on commons-based peer production has further suggested cases that demonstrate that the market-based and non-market-based systems coexist together and offer businesses and society opportunities (Benkler, 2006; Berdou, 2010; Meng and Wu, 2013; Shah, 2006). However, the concept of a hybrid economy has not been properly examined in the research. Therefore, applying the concept of a hybrid economy will contribute to and facilitate further understanding of the current landscape of the digital economy.

In South Korea, which has the most successful music industry in Asia, the independent music scene is dominated by fans’ own virtual music community (IFPI, 2012; Shin and Lee, 2017). This virtual community, with its anarchistic lack of formal rules and governance structures, would not exist without the Internet. The move to the online distribution and sharing of music was faster in South Korea than in other countries owing to the early diffusion of high-speed Internet access and the rapid and extensive adoption of smartphones (KOCCA, 2017). The smartphone plays a key role in the life of the community because it allows users not only to download and play music wherever they are but also instantaneously to share and discuss their music preferences via social media (KOCCA, 2010).

This article will suggest that the internet is undermining the traditional binary view of economic activity through the emergence of new hybrid forms, which incorporate both market and non-market elements. This article begins with a brief review of the relevant literature. This is followed by the research methodology. We then present our research findings, which identify the roles, motivations, and strategies of fans and record labels in

creating and sustaining the South Korean independent music community. This is followed by the discussion and concluding remarks.

Hybrid Economy in the Digital Age

There has been a strong tendency to understand our economy based on two competing traditions: the neoclassical economy pursuing profit maximisation by achieving the efficiency of production to produce commodities for sale and Marxist tradition standing against the mainstream economics criticising the mainstream system as exploitative and alienating (Elder-Vass, 2016; Slater and Tonkiss, 2001; Wright, 2010). Elder-Vass (2016) argues that we tend to believe that there is a universal economic form on which we can rely and gain benefits as a system. Due to this thinking, the discussion has been centred around the hostile debates between people who believe in capitalism and those who stand against it. Therefore, market paradigm has dominated the discussion, and economy has mainly been regarded as activities of producing commodities for exchange in the market. In this regard, production and consumption are considered as distinct activities. This binary view of capitalism as a universal form versus capitalism as a harmful one limits our imagination in understanding our economy properly and about the diversity of economic systems (Elder-Vass, 2016; Gibson-Graham, 2006). Polanyi (2001) asserts that the market economy should be understood that it is embedded in societies to achieve economic efficiency on the one hand and social harmony on the other.

The binary view on economy is also applied to the discussion of the digital economy. The early discussion in the digital space has been centred around the concept of gift economy. The gift economy has been regarded as an anti-economy activity and an alternative form to the capitalistic market economy (Romele and Severo, 2016). However, others (e.g., Elder-Vass, 2016) suggest that viewing the digital economy from the perspective of hybrid forms of

the digital economy is more effective. According to Benkler (2006), the landscape of information production on the digital space is guided by the mixture of traditional models and commons-based peer production. Loosely based on Habermas, Elder-Vass (2018) argues that the current digital economy is the mixture of lifeworld based on communicative interaction and systems that are coordinated by money and power. He suggests that even businesses such as Amazon which seem like having a very traditional economy model based on profit orientation have a lifeworld mechanism like gift and cooperation by Amazon's customers. Therefore, the Amazon case shows that the capitalist's mode and non-market contribution work together and influence each other for the maintenance of the business. The current conditions of the digital economy show us that a combination of the profit-driven form and the participatory form is desirable. The examples like social enterprises and crowdsourcing are the cases showing that such economic system can be diverse (Ito and Howe, 2016). The pursuit of hybrid forms of business is able to bridge traditional divide, such as the divisions between for-profit and non-profit, or private and public. Particularly, it offers that the main agent of value creation can be moved from producer-centric to a co-creative one in which consumers and crowd on the web become important agents (Grönroos and Voima, 2013; McAfee and Brynjolfsson, 2017; Ritzer and Jurgenson, 2010). Therefore, the monolithic understanding of economy can hardly be applied to the current status of the digital economy as it has hybrid forms combining capitalist and gift economy forms (Elder-Vass, 2018; Fuchs, 2009).

The digital space has been regarded as a place where social bonds and reciprocal relationships are established (Choi and Burnes, 2017). Research on digital gift or sharing also suggests that gifting activities on the digital space establish and maintain social bonds and reciprocal interaction (Belk, 2010; Giesler, 2006; Romele and Severo, 2016). The distinctive character of digital gifting is that it now becomes a part of capitalistic business models

(Fuchs, 2009). According to Romele and Severo (2016), digital gifting is more related with language rather than things. Therefore, the digital gifting is about mutual recognition based on phatic utterances. The phatic nature of activities on social web among users is an important mechanism for maintaining the commercial businesses. Romele and Severo (2016: 53) suggest that “the circulation of messages on Twitter is co-shaped by consolation of relationships through mutual gift exchanging and the reproduction of existing social relationships”.

This is why, as Fuchs (2008: 333) observes, a ‘cyberculture’ is not the product of anyone’s grand plan, but:

... develops dynamically; it is a self-organizing system in which culture practices and structures permanently produce and reproduce each other in self-referential loops. In the cyberculture system, identities, lifestyles, communities, meanings, and values are permanently defined and redefined, produced, and reproduced.

Rand et al. (2011) maintain it is the proactive nature of network membership that makes them so dynamic; networks develop in accordance with the changing wants, needs, and actions of their membership. As actors continually form new relationships with supportive actors and break ties with others, networks are in a continuous state of order and disorder but are held together by shared values, desires, and behaviours and the pursuit of common goals, such as passion for the same music (Centola, 2010). In some cases, such as the software industry or citizen science, individuals may relate more to the businesses involved and their goals than to other individuals in the network, i.e. their homophily will be weak (Silvertown, 2009).

However, in cases such as the cultural industries and cultural products, which evoke strong emotions and can be central to a person’s self-identity, homophily is likely to be very high and fans will seek to create strong alliances with similar fans (Kozinets, 2001). As a result, businesses may find themselves playing a much less dominant role than in the past (Choi and

Burnes, 2016; Jenkins and Deuze, 2008).

Community and Commons-based Peer Production

In marketing, research on community has centred on consumption communities. Research on consumption communities such as brand communities (Muniz and O’Guinn, 2001) and consumption tribes (Cova et al., 2007) has illustrated the ways in which consumers engage with market materials to express consumption experiences and their subjectivity (Canniford, 2011; Goulding, 2013). Therefore, the study of consumption communities broadly offers an understanding of “the diverse ways that consumers establish socialization and personal relationships in consumer culture” (Canniford, 2011: 58). While Thomas et al. (2013: 1012) defined consumption communities as being “. . . comprised of consumers who share a commitment to a product class, brand, activity, or consumption ideology”, they acknowledged not only the critical role played by consumers but also the roles of producers and other resources.

With the rise of ICTs (information and communication technologies), the role of consumption communities has expanded, and businesses that have been able to identify the benefits of consumer engagement have begun to integrate consumer participation into their business processes as they have realized its potential importance as a resource for understanding market needs and innovating their market offerings (Nambisan, 2002; Schau et al., 2009). Particularly, literature on value co-creation suggests that value creation is not governed entirely by producers or manufacturers but, rather, that it depends on how to interact with consumers and facilitate consumer engagement and communities (Prahalad, 2004; Sawhney and Kotler, 2001). This offers an understanding that the convergence of non-market peer production and the commodity production of businesses are critical in the current digital environment.

For the emerging social production on the internet, Benkler (2006) introduced a term, commons-based peer production (CBPP), enabling a massive scale of collaboration among peers within the digital space. According to Benkler:

The networked environment makes possible a new modality of organizing production: radically decentralized, collaborative, and nonproprietary; based on sharing resources and outputs among widely distributed, loosely connected individuals who cooperate with each other without relying on either market signals or managerial commands. (Benkler, 2006: 60)

Some of the literature (Arvidsson et al., 2016; Benkler, 2006; Meng and Wu, 2013) has identified CBPP communities as having two distinctive features. First, CBPP communities are decentralized and often self-organized adhocracies (Bauwens, 2005). Second, CBPP communities are commons-based and utilise shared material and immaterial resources, which enable social production. CBPP is understood as a contradictory form of commodity production in a capitalist society (Benkler, 2006). Meng and Wu (2013: 126) pointed out that the development of a CBPP model is “frequently counterposed to the values of firm-based market competition in a commodity culture”.

The peer production model has been celebrated by previous research (Kelty, 2008). The case of Wikipedia, in particular, has been considered a prime example of a collaborative and sharing culture on the internet (Lih, 2009; Reagle, 2010). In this regard, Benkler (2006) identified the rise of non-market and decentralized production systems in contrast to commodity production. However, there has been criticism that commons-based peer production can be absorbed into the system of capitalistic production and that participating individuals may be exploited (Fuchs, 2009; Terranova, 2000). In addition, CBPP communities often experience conflicts of hierarchy and power, suggesting that they are not always egalitarian and autonomous (Berdou, 2010).

However, previous research has suggested that opportunities and conflicts that exist and emerge between peer production and commodity production can be managed (Berdou, 2010, Langlois and Elmer, 2009; Shah, 2006). Benkler (2006: 123) insisted that “a stable social production system can coexist and develop a mutually reinforcing relationship with market-based organizations that adapt to and adopt, instead of fight, them”. For example, Meng and Wu (2013) argued that, in the case of a Chinese fansubbing community, two distinct modes, CBPP and commodity production, co-exist, and the community is organized according to negotiations between the two modes.

Benkler (2006: 122) argued that “the rise of social production does not entail a decline in market-based production. Social production first and foremost harnesses impulses, time, and resources that, in the industrial information economy, would have been wasted or used purely for consumption”. Based on this understanding, we would like to suggest that the form of a virtual community can be driven by actors who have market orientations as well as those with non-market orientations. Therefore, seeing through the concept of a hybrid economy can offer valuable and in-depth understanding of the research on the virtual community and the landscape of the digital economy. In this way, applying the perspective of a hybrid economy system that confirms the co-existence of market and non-market systems can present a valuable exploration.

Methodology

Our research involved conducting a case study of the independent music scene in South Korea. For such research, a qualitative approach is deemed to be the most appropriate (Denzin and Lincoln, 2005; Dey, 1993). As Belk et al. (2013: 5) state, qualitative research “provides unique insights into how consumers, marketers, and markets behave, and into why they behave as they do”. The key benefit of qualitative research is, therefore, to have a deep

understanding about participants of the phenomenon and the phenomenon itself by collecting rich and detailed qualitative data. Secondly, it enables researchers to see through the perspectives of research participants who are involved in the phenomenon, thus enabling the researchers to have an interpretative understanding. Thirdly, it allows observers to explore natural settings of the social reality which are socially constructed (Ritchie et al., 2014). Belk et al. claim (2013: 4) “it is normal for qualitative researchers to try to observe and interact with people in the contexts that shape their everyday behaviours and perceptions. This ‘in situ’ characteristic of qualitative research contributes to its ability to capture insights”. Lastly, it facilitates the study of cultural contexts which have been neglected or that vary from culture to culture (Belk et al., 2013).

However, qualitative research also has its own limitations. The key limitation of qualitative research is that the findings of qualitative research are hard to generalise as they are relatively based on small sample size compared to quantitative research such as survey studies. Generalisability has been used as a concept to assess the quality of quantitative research. However, many qualitative researchers have claimed that the objective of their research is not to identify generalisable research outcomes but, rather, to acquire an in-depth understanding and a rich description of the phenomenon being investigated (Schofield, 2002). As qualitative research is typically based on relatively small samples that are “unlikely to be statistically representative of any larger populations” (Moisander and Valtonen, 2006: 28), “many qualitative researchers actively reject generalizability as a goal” (Schofield, 2002: 173). In this regard, Mitchell (1983) suggested that, in qualitative research, the quality of the analysis should be a key aim rather than the size of the sample and a sole focus on quantitative analysis. Yin (2009) suggests that a case study helps researchers to understand real-life and complex social phenomena using multiple sources, such as interviews and documentary materials. South Korea was chosen because its music industry was the first in

the world where digital sales surpassed sales of CDs, and its digital music market is regarded as the most successful in Asia (IFPI, 2012). In addition, the literature suggests that independent labels, musicians, and fans are highly innovative in terms of their use of social media (Baym, 2011; Choi and Burnes, 2013).

Semi-structured interviews with fans and independent record labels were conducted as this was seen as the most effective way to capture respondents' views (Warren, 2001). Secondary documentary materials were also collected, such as research reports and news articles. These helped us to understand the history of the industry and the nature of digital production and music consumption. Independent record labels were identified from the book *Indie Labels in South Korea* (Park, 2009) and the website of the *Seokyo Music Labels Association*. E-mails were sent out, and ten labels agreed to take part in the research (see Table 1). The record labels, in general, are small, and the owners of the labels are involved in most of the business operations. The interviews covered three areas: independent music in South Korea, the impact of the Internet and social media on their businesses, and their relationships with consumers.

Insert Table 1 here

Music fans were recruited by searching online independent music communities using Naver, Daum, and Google. We contacted key members of popular communities and projects via e-mails or personal messages. Five communities and projects agreed to be interviewed (see Table 2). Typically, two or three of the most active members of the communities or projects participated in the interviews. In addition, individual independent music fans were recruited using personal connections. The interviews covered four areas: their views on independent music, the impact of the Internet on their music consumption, the impact of interactive media forms, such as social media, on their music experience, and how music

communities and projects are organised and managed, and the motivation of fans to be involved.

Insert Table 2 here

The interviews were conducted in Seoul, the capital of South Korea. All interviews were recorded and transcribed. The data were analysed using NVivo 9. Coding and analysis were guided by the data and by research objectives and theories explored through reviewing existing literature (Dey, 1993). This method helps to redefine existing understanding and create new perspectives. Following procedures advocated by Belk et al. (2013) and Dey (1993), the creation and connecting of the codes were iterative procedures. Constant reviews were required and where necessary, existing codes or connections were discarded and new ones were created.

Findings: The Independent Music Community in South Korea

We examined the independent music community in South Korea from two perspectives. The first is that of music fans, who have moved from being seen as relatively passive consumers to active shapers of the music community. The second is that of the independent record labels, who have abandoned their traditional controlling approach to music consumption in favour of one that supports the activities of music fans.

The Independent Music Fans

In the late 1990s, Internet bulletin boards became very popular in South Korea. These small online groups were places where fans could discuss and promote their favourite independent performers and venues, and where new artists could be fostered (Jang et al., 1999). Through the spontaneous actions of individuals seeking to satisfy their musical passion, these Internet groups coalesced into a wider social network of fans who were obsessive about independent

music and wanted to discuss, develop, and promote it with other like-minded fans. Though this is a voluntary community with no formal structure, rules, or membership, it exists and continues to exist because it is based on its members' strongly held beliefs and desires. This is why some refer to such groupings as consumer tribes (Cova et al., 2007). In essence, it is a gift economy where those involved provide free products and services for each, for the bands they support, and even for the record labels (Baym, 2011). These include biographies of musicians, information and promotional material such as blogs, podcasts, and Twitter accounts and even videos. As such, the community has enabled them to become co-creators of their own musical experiences and to develop their own skills and talents, something which was not possible before it came into existence. Though the community is not organised in any formal sense, it revolves around three common actions that have grown up over time and that its members greatly value, namely, mobilising resources for camaraderie, value-based homophily and participatory commitment.

Mobilising Resources for Camaraderie. Fans in this research assiduously search out and acquire knowledge of the music they love, including musicians' life stories, how and why certain songs came into being, and other fans' musical experiences. Our informants explain that the information and knowledge are often repackaged and disseminated through fanzines, blogs, and other online resources for other fans' pleasure, and includes recordings of new music and post-experience narratives or critiques of the latest music or concerts. The previous literature on the collaborative communities also suggests that resource integration is an essential in the process of the development of collaborative consumer networks (Figueiredo and Scaraboto, 2016). In addition, the research participants suggest that the act of the mobilisation of resources is mainly to develop camaraderie with other fans. According to Centola (2010), social networks emerge from particular social contexts and are driven by a

sense of camaraderie and inclusion. People use such networks to pursue common interests and, by sharing and utilising intellectual and emotional resources, satisfy their social, cultural, and emotional needs, which were unmet by traditional businesses (Arvidsson and Peitersen, 2013; Rainie and Wellman, 2012).

People are social animals and, from choice, will network with others in the pursuit of common objectives (Papacharissi, 2016; Rainie and Wellman, 2012). The network members of the indie music community also play a critical role in sustaining their community and, in return, rely on others in the network for friendship and intellectual support (Choi and Burnes, 2016). Interviews from music fans identify that the key reason for devoting themselves to the community is courtesy. The indie music consumers believe that their act of devotion is mandatory to express their passion and offers energy to musicians and labels to sustain their cultural activities. Interviewee R offers a similar viewpoint:

Interviewee: I follow all (of the musicians and record labels) of the independent music scene to read what they are talking about whenever I have time because I feel it is basic courtesy.

Interviewer: What do you mean by courtesy?

Interviewee: I want to know what they are doing. How can I explain courtesy?

You know they are worse-off than the mainstream. Basically, they suffer economically but they are gathered together by the fact that they love music. ...

Because of this, I try to read their posts. If there is something I can do, I do it.

Even if it is just retweeting.

The comments from an informant suggests that indie music consumers derive important meanings from their involvement. For the development of the indie music market, the consumers understand that their non-market practices must be accompanied by market

actions through record labels, rather than making ideological contrasts between market and non-market activities, as the previous research by Giesler (2006) shows.

Our informants suggest that the ability of fans to co-create their musical experiences, share them with other fans and, in the process, make new friends, is seen as one of the key benefits of community membership. Interviewee Q commented:

Above all, it makes us talk [via social media] because we share similar music tastes. When a friendship is established based on that, trust emerges. It is trust about what kind of music he/she listens to ... It is not about what kind of person he/she is; rather, trust occurs through [judgement] about whether his/her music taste is similar to mine.

The excerpt offers that the procurement of resources not only satisfies the individual consumer's needs but also expands the consumers' role of sharing such information. Through this, consumers understand each other's tastes and sustain the indie music community to which they belong.

Value-based Homophily. Though such voluntary networks and virtual communities may produce material benefits for some, for most the goals they pursue are “immaterial,” such as communication, cooperation, and affective relationships. In effect, they exist to meet each person's needs (Hardt and Negri, 2004). Developing such relationships brings emotional, psychological, and social benefits. As interviewees pointed out, in the offline world, it can be difficult to meet people who share similar niche cultural interests. To find music fans who share similar interests, the indie music fans utilise social media, such as forums and Twitter. This strong, emotional connection with other like-minded individuals is known as “homophily” and is particularly pronounced in virtual networks (McPherson et al., 2001). Traditionally, people tend to identify strongly with individuals of a social position similar to

their own, i.e. status-based homophily, and less strongly with those who share similar values and tastes, i.e. value-based homophily, but social media appear to reverse this (Kane et al., 2014).

According to our informants, online relationships often lead to offline gatherings where music consumption, which is a very personal experience, can become a collective experience. These activities to share personal consumption stories are centred on their shared interests. Muniz and O’Guinn also identify the importance of sharing stories. They show that ‘storytelling is an important means of creating and maintaining community. Stories based on common experiences ... meaningfully link community member to community member’ (2001: 423). Along with sharing the consumption of independent music, the sharing of personal lives is also strongly involved as our informants indicate. This can strengthen the members’ sense of belonging. These gatherings offer a sense of togetherness and belonging:

... because people who liked the musician were gathered and there were [community] members who knew each other from attending the musician’s gigs, there was comfort, like friends who share their personal stories. There were cases where I met [offline] someone from the community whose nickname or ID was quite familiar. There is a greater chance to know each other personally (Interviewee R).

In addition, the online community allows fans to interact with the musicians they idolise, with the obvious emotional benefits that it can bring. Interviewees mentioned their amazement when musicians they liked followed their Twitter accounts, talked to them, and left comments. This developed into a greater attachment to the musician and led to future activities such as buying music, attending concerts, and sharing and disseminating the musician’s music and information about them.

Participatory Commitment. The egalitarian and democratic aspect of virtual social networks means that people regard themselves as co-creators of their networks rather than passive consumers of other's outputs (Arvidsson and Peitersen, 2013; Fuchs, 2008). For the music fans we interviewed, this involves collecting, reproducing, and promoting the music they love. The fans even produce their own promotional material, such as photos and podcasts, to attract new fans. At gigs, they take photos or videos which they share online. This spreading of independent music allows the fans to feel a real engagement with their community by becoming active actors in promoting music which otherwise might attract only limited attention. For some, the commitment to participation is derived from a sense of duty. When Interviewee Q was asked about the reason for participating in the indie music community, she responded:

It is based on a belief that I would like to contribute something for bands. It feels like that I give energy by becoming the member of the community. It is a way to show them someone likes their music

For some, it gives them a sense of purpose in life, as a fan commented:

I consider myself as a promoter and marketer because I love those bands. If they are successful, that's good for me as they will be able to keep producing music. I don't expect any rewards from what I am doing. I just do it because I like it.

Such engagement is not unusual in internet communities, and people can take great pleasure from investing their own time, resources, specialist knowledge, and skills in order to promote their passions (Mathwick et al., 2008; Vargo and Lusch, 2004). Interviewee M who produces podcasts observed that:

I wouldn't [use social media] if there was no fun in it. When I post messages like 'I have this thought' or 'I like this music', people [listeners] do respond to that. I really like to see their comments and reply to them. So I do it every day.

In cases of Interviewee J and K who are professional video producers create music videos for their favourite independent musicians for free. They choose to do so voluntarily due to personal commitment on indie music and emotional satisfaction rather than monetary reward as it boosts their self-esteem, gives them artistic freedom, and it can also help to develop their careers. Such activities are entrepreneurial but their engagement is "to subordinate profit-seeking to the needs of the community" (Martin and Schouten, 2014: 21) and to contribute to the prosperity of the community.

Our informants suggest that the fans engage in the independent music community for several reasons. Primarily, it allows them the freedom to consume and share their favourite music and musicians. However, they also gain satisfaction from being members of a community where they can express their creativity and individualism. Membership also enables them to build their social networks and interact with people from diverse backgrounds, whom they would not otherwise meet. They share a belief that it is their community. The sense of possessiveness and loyalty plays a critical role in bringing and keeping them into the community.

The Record Labels

In the past, independent record labels, even quite small ones, saw themselves as the main actors in promoting, distributing, and controlling their artists' music. Whilst fans were not seen purely as sources of revenue, they were certainly not seen as active value creators. However, our data suggests that the rise of the independent music community has changed this, and the labels find themselves in a subservient and precarious position; it is now very

easy for fans to boycott particular labels if they perceive them as unhelpful or hostile. Therefore, the labels have had to develop new ways of engaging with fans. Though these have emerged on a trial and error basis, and can vary from label to label, our research identified two interrelated strategies for engaging with the independent music community: co-creative community orientation and the configuration of virtuous cycle of the hybrid economy.

Co-creative Community Orientation. Our informants suggest that the Internet allows them to interact with fans without spatio-temporal limitations. Labels and musicians are allowed to talk about what they are doing, solicit feedback, and communicate with fans quickly and cheaply. This allows the labels to keep pace with music fans' constant search for and sharing of information and content. In cultural industries, this means businesses have to react to and interact with their customers' social networks. Rather than seeking to control consumers, such businesses focus on building mutually beneficial relationships and treating their customers as co-creators of value (Arvidsson and Peitersen, 2013; Grassl, 2011; Fuchs, 2009).

Consequently, many businesses will have to recognise that the traditional relationship between them as producers and customers as consumers is changing, and that this is having a profound impact not just on their external relationships but also their internal practices, such as leadership style and worker participation (Prahalad, 2004; Vargo and Lusch, 2004). As the CEO of Label E says:

We are doing it every day—uploading new music releases, press releases, posters of concerts, music videos and videos from gigs. ... Uploading promotional materials on Facebook or Twitter is the first job they do every day.

Rather than expecting fans to visit their websites, the labels have to go to the fans, as one CEO explained:

We should approach them first. We should go and tell them constantly that “we are here and we do this kind of music.” We are in a different situation from the past. ... In the past, there was no way to obtain information. In the past, the Internet didn’t have any well-sorted databases like it does today. Nowadays, if you just search ‘Naver’, even if the band is unknown, you can get a video.

Our informants explain that previously, information-sharing or interactive activities took place only on a label’s official website, but now information can move freely from user to user without any involvement of a label. Therefore, anyone who is interested can join in what is in effect a value co-creation process, which is no longer the labels’ sole preserve but has become part of many fans’ daily lives.

The record labels are, therefore, committed to establish firm relational ties with their consumers, which means they have to be part of the same virtual communities as them. As the manager of Label J noted: “It has become very easy to contact [approach] people personally through Facebook or Twitter.” This allows the labels to let individual fans and groups of fans know what their favourite musicians are doing, but to do so, the labels actively have to search for and approach relevant groups. The President of Label I explained that “I search for our artists’ names on Twitter, follow people who mention our artists, and interact with them.”

The record labels in this research now understand the importance of building relationships with fans’ network, not just to promote their music but also to react more quickly and effectively when fans approach them. This includes responding to enquiries and accommodating needs from fans (Choi and Burnes, 2017).

Our informants also express that on the Internet, the amount of information available is almost limitless, and it will only be promoted if users like and share it, which once again emphasises the importance of developing strong bands with fans. The Vice-President of Label A observed:

I think that a company that communicates [with its consumers] by any means is in a favourable position. There is no merit any more in simply throwing or exposing as much information as possible at consumers. ... the important thing is how much feedback you can get.

Active interaction between the labels and fans creates a bond between them and encourages fans to become co-promoters of their favourite bands.

Configuration of Virtuous Cycle. Castells (2001) maintains that we now live in a networked age where people seek to join or form networks in order to give greater meaning to, and achieve more control over, their lives by collaborating with like-minded individuals. The voluntary and self-organising nature of social networks makes their creation and maintenance messy, unstructured, and chaotic; stability and consensus are never permanent but are continually being produced and reproduced as people with different voices and agendas strive to be heard (Dean, 2010; Fuchs, 2006; Papacharissi, 2016). Also, because each network will have its own values and objectives, and will arise from its own social context, there will be no standard pattern to their interactions with and impact on businesses (Centola, 2010; Fuchs, 2008).

Due to the nature of the social networks, the labels in our research strongly encourage fans to reproduce content, i.e. “spreading” (Jenkins et al., 2013) for vitalising circulation. The concept of circulation emphasises the interdependences among participants in networks and their collaborative action (Figueiredo and Scaraboto, 2016). In addition, the concept of

circulation offers a perspective that value creation is possible not only at the individual level, but also at the collective level (Grönroos and Voima, 2013). The owner of Label B explains:

The possibility that social media has brought is that people do retweets when content is fun, so the advantages of it [social media] are spreading. Due to this force, much bigger numbers of people see or read ... Therefore, the small-sized companies in this field are feeling the power of the effect much more.

The excerpt implies that technology allows a user to share and move content from one media format to another so that it can be used in a variety of ways to reflect different people's preferences. As newer forms of social media have emerged, it is now easier for larger numbers of people to interact around topics they are passionate about. This creates an open, disorganised and unpredictable environment, which can lead to unexpected occurrences, such as "cases of massive sales because people talked about [a particular band]" (Vice-President of Label A).

This demonstrates that it is consumers rather than record labels who have control in the digital space. As Hennig-Thurau et al. (2010: 313) comment:

... today, the flow of information about a brand has become multidirectional, interconnected, and difficult to predict. Marketers have lost control over their brands, but now participate in a 'conversation' about the brand.

Previous diverse examples in science, computing science and business suggest that crowd on the web often offers critical insights for complex tasks, such as solving problems and market research, that members of organisations cannot offer (McAfee and Brynjolfsson, 2017). Likewise, in this study, social media offer the record labels two key benefits in terms of enhancing business operations to manage their businesses. First, such media enable the businesses to collect, assess, and respond quickly to both positive and negative feedback. For instance, it is now possible to search for reviews of performances or to receive feedback

directly from fans, which allows labels to make swift changes to improve the satisfaction of future audiences. Second, the data gathered from social media can aid in various business planning such as new content development. Hoffman and Fodor (2010: 49) argue that social media metrics, such as engagement rates and post interactions, “are important ... because they let marketers measure the bottom-line impact of their social media efforts”. The President of Label G confirmed this:

It is very valuable information, even if it only shows what kinds of people follow us. ... I can look into these people. If I invest a little time, I can look into what kind of things they write, their preferences and how they use social media.

The key benefit of utilising consumer networks is, therefore, that companies are able to gain knowledge of consumers’ wants and needs which can offer valuable insights towards developing consumer-based marketing strategies.

In summary, we can see that the record labels had to change their approach to the Internet quite dramatically. Initially, they set up websites and encouraged fans to visit them. However, as the fans’ own online networks developed, fans found the labels’ websites unattractive and preferred to share their music tastes directly with each other. Instead of seeking to control what fans listened to and discussed, the labels had to adopt an enabling role, even changing their approach to copyright control in order to aid fans’ spreading activities. The result is a chaotic situation, where the labels often do not know how, where, in what format, or for what purposes is their content being used. What they do know is that it is a far broader and more effective form of marketing than they could undertake themselves.

Discussion

The Internet is transforming the world in which we live: creating virtual organisations and virtual communities and shifting the boundaries between producers and consumers, and

businesses and society (Fuchs, 2013; Zhou, 2011). Though this challenges the prevailing neoliberal philosophy that society is best served by the free pursuit of profits (Stiglitz, 2010), it is not a challenge to capitalism per se. Rather it is a return to one of the key debates of the 1960s: “Does man exist for the benefit of organizations such as industry, the state, or the market? Or, do organizations exist for the benefit of man?” (Zand, 2010: 424). Fans of indie music in South Korea are not objecting to the labels making a profit, but they are insisting that they exist to benefit the community and not vice versa. With this perspective, we are able to see that markets consist of diverse economic forms, and the various options can be mixed to create hybrid forms. Therefore, it offers that markets are not divided in capitalistic modes for producing commodities to generate exchanges and gift forms that are not regarded as economic activities.

Elder-Vass (2016: 33) argues that “giving is an economic activity in much the same sense that exchange is an economic activity, and producing to give is an economic activity in much the same sense as producing for sale”. In this regard, managers need to understand that socialised peer production which have been considered as activities subsumed under the capitalistic mode, need to be understood as a part of the market. Thus, this research offers critical information for managers and companies that it is imperative to gain knowledge regarding how such networks work and how their business operations need to be engaged with such networks. The findings offer that the collaborative networks of the hybrid economy are governed by the interdependence among heterogeneous actors and collaborative endeavours at individual and collective levels.

From the view of record labels that used to dominate the industry, it must appear as though the world has been turned upside down with the rulers becoming the ruled and vice versa. In order to understand why this is so, we will examine three key properties of the

independent music community derived from the findings: its voluntary nature, its democratic structure and actions, and its underlying drivers.

Voluntarism

The independent music community comprises a multiplicity of networked individuals who associate because of their shared passion for music. This expresses itself in a number of ways: compiling and disseminating information on musicians and their music, writing blogs, producing podcasts, and making promotional videos for bands. These activities are self-initiated; no one tells them what to do; it is a non-market economy, and no one pays them to do these things though the record labels do provide free resources to assist these initiatives. However, they would not undertake such activities if other fans did not value them, if they themselves did not gain pleasure from co-creating their own musical experiences and, most of all, if they did not feel it was *their* community built on their musical tastes and values. As many previous researches on consumer communities or online networks suggest, the communities should be organised and sustained, based on values like friendship, altruism, togetherness, reciprocity and voluntarism (Fuchs, 2008; Giesler, 2006; Mathwick et al., 2008). Certainly, the continued existence of the independent music community, with the willingness of members to give freely of their time, talents, and resources seems like a prime example of “affective cooperation” (Fuchs, 2008: 127).

Democracy

Open nature and widespread participative actions of the communities allow individual actors the freedom to pursue their own self-interest and personal values, which accounts for the hybrid of such networks between capitalistic and non-market modes. All members of the music community have the ability to participate and influence its development in their own

way and to the extent they wish in pursuit of their own objectives. They can interact with other fans, artists, record companies, and concert promoters in order to promote the artists they like. The unplanned interaction of these individual fans, and the symbolic and affective exchanges that take place between them, create a communicative synergy, which brings into being, gives form to, and sustains their community, but in a manner that is not predictable from any individual action. Therefore, an emergent social system needs to be understood as constituting a network of independent actors seeking to co-create affectual, relational, symbolic, and intellectual values for common interests. As Warner (2002: 62) comments, the result is a “social space created by the reflexive circulation of discourse”. The discourse of the music community is reflexively formed and re-formed by the activities and involvement of interested people and, by so doing, it brings people together to articulate their identities on the basis of shared beliefs and interests, regardless of their social and cultural backgrounds.

Underlying Drivers

The behaviour of the music community is not a result of conscious planning but of the proactivity of local-level agents interacting for their own ends (Mihata, 1997; Stacey, 2010). As Fuchs (2008) argues, there has been a tendency to underplay the importance of human actors in shaping social systems but, as the music community shows, actors and systems are interconnected and influence each other in a non-linear, unpredictable, creative, and self-organising fashion (Arvidsson and Peitersen, 2013; Fuchs, 2008; McAfee and Brynjolfsson, 2017). This unpredictability produces and reproduces actions, such as acquiring information, building relationships, and promoting bands, that give form and meaning to the community. To understand the nature of the music community and the underlying drivers, it is necessary to recognise that, before the Internet, the music industry’s dominance of production and distribution channels relegated fans to a passive role (Choi and Burnes, 2016; Fuchs, 2008).

This situation was compounded by fans' geographical separation and the limitations of communication technologies. The Internet changed all this, and independent music fans found that they could create and control their own networks and communities (Choi and Burnes, 2013). Underpinning these networks are three fundamental drivers:

Homophily. People have a strong, emotional need to seek out and associate with like-minded individuals, especially through virtual networks where people come together because they already share common beliefs and values (McPherson et al., 2001). The Internet removes the main barriers to finding and associating with those who share similar values and passions, wherever they are.

Instant social interaction. Music fans want to communicate instantaneously with their peers; they want their messages to be heeded and responded to immediately. It is the reality of instant social interaction amongst community members and the emotional satisfaction and enjoyment of sharing music and opinions instantaneously and getting responses just as quickly which brings members together and keeps them together (Shen et al., 2010).

Choice and Control. Research shows that choice and control are key factors in building commitment, whether it be to a particular course of action, organisations, or community (Carpenter, 2013; Fang and Chiu, 2010; Oreg et al., 2011; Vakola, 2013). Consequently, it is not surprising that, when the opportunity arose, fans chose to participate in their own self-organising digital spaces rather than ones controlled by record labels.

Conclusions

The independent music community in South Korea is a prime example of how the rise of Internet-based virtual communities is enabling the creation of hybrid economic systems that comprise substantial degrees of both market (commodity) and non-market (gift) practices. As such, the advent of these hybrid systems is transforming the traditional relationship between business (as the creator and supplier of goods and services) and society (as the consumer of these). This confirms Polanyi's (2001) argument that the market economy cannot be disentangled from society. The findings suggest that businesses can now have both non-market and market elements, as the value creation process is now commonly accepted as collaborative endeavour by heterogeneous actors in the networked environment (Benkler, 2006; Figueiredo and Scaraboto, 2016; Jenkin et al., 2013; Scaraboto, 2015). This has highlighted three important developments. First, consumers in some industries are challenging their traditional passive role in value creation and becoming co-creators of their own consumption experiences. Second, this is leading to significant changes in the relationship between business and society. Third, in order to understand how these changes are emerging and how they may develop, businesses may now need to discard the traditional binary view of economic activity, i.e. markets versus non-markets, and accept new hybrid forms that are based on a combination of both.

The creation and continual recreation of an apparently chaotic social network which is organised by peer and commodity production is not readily explained by the traditional binary distinction between market and non-market exchange mechanisms as adopted by Mauss (2001) and his supporters. Instead, it appears to be one of the new hybrid exchange systems that Elder-Vass (2016) sees as being enabled by the Internet and that he argues offer a valuable way of understanding the rationale and mechanisms driving and sustaining social networks which co-exist market and non-market production forms. The heterogeneous actors and the relationships that are non-hierarchical and chaotic drive the collaborative value

creation, market changes and companies' structure (Corciolani and Dali, 2014; Figueiredo and Scaraboto, 2016; McAfee and Brynjolfsson, 2017).

This article contributes to the extension of our knowledge of the hybrid economy. In particular, this research offers an exploratory understanding of the hybrid economy in the context of indie music in South Korea. This investigation demonstrates that the concept of the hybrid economy extends our understanding of the current conditions of the digital economy and illustrates how the mutual recognition works in the business environment of the networked age in which producers and consumers interact. Traditionally, the posited benefits of capitalism and market systems have been used to explain the organisation of our economic activities (Stiglitz, 2010). Significantly, the dominance of neoliberalism has tended to overshadow other varieties of capitalism and see other forms of exchange, such as non-market economies, as irrelevant (Chomsky, 1999; Harvey, 2005; Stiglitz, 2010). However, there are those who argue that it is possible for multiple modes of production and exchange to co-exist and serve the needs of society with the advent of the Internet-based virtual communities being seen as prime examples of such hybrid systems (Cova et al., 2007; Elder-Vass, 2016; Muniz and O'Guinn, 2001). For practitioners, this article suggests that businesses need to expand their imagination to explore the possibilities that the diverse economic forms offer. This article requires them to have a belief that the exploitation of markets for capitalistic purposes is not the only answer to survive in a competitive environment. This approach will enable them to innovate a market and transform the business operations and its relationship with society. Lastly, this article offers important implications to other countries which experience the rapid transformation due to the impact of digital technologies and its utilisation regarding the hybrid economy and its value. However, we would like to acknowledge that other industries and other countries may produce different findings and their own implications. Therefore, future research in different contexts is required to have a

more comprehensive understanding of the hybrid economy. Future research may be focused on the power dynamics between producers and consumers or the struggle or resistance that organisations experience during the transformation stage from a capitalistic business model to the hybrid business model and vice versa.

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Table 1. Interviewees from the record labels

Record Label	Interviewee's Position	Years in Music Industry	Genres	Year Established	Length of Interview (minutes)
A	Vice-President	14	Rock, Folk etc	1998	130
B	AandR Chief	14	Rock, Pop, etc	2006	50
C	Director	9	Rock	2010	70
D	President	10	Hip-hop	2010	85
E	CEO and Producer	22	Rock	2011	150
F	Director	17	Rock, Pop, etc	2006	80
G	President	18	Pop, Jazz, etc	2005	85
H	President	1	RandB, Rock, etc	2012	76
I	President	7	Rock, Folk, etc	2005	50

	Digital Media Manager	2			45
J	Manager	11	Rock, Folk, etc	2011	80
	Staff Member	8			60

Table 2. Music consumer interviewees

Interviewee	Gender	Age	Community features	Year established	Nature of interview	Length of interviews (min)
A	Male	30s	Online rock music community			
B	Male	40s		2003	Group	35
C	Male	30s				
D	Male	20s	Local music and culture supporters			
E	Female	20s		2008	Group	66
F	Female	20s				
G	Female	30s				
H	Female	20s	Music concert organiser	2008	Group	112
I	Male	10s				
J	Male	20s	Music video filming and sharing	2009	Group	
K	Male	20s				60
L	Male	20s	Podcast production	2011	Group	104
M	Male	20s				
N	Female	20s				
O	Female	20s	Long-term indie music fans		Group	50
P	Female	20s				
Q	Female	20s	Long-term indie music fan		Individual	42
R	Female	30s	Long-term indie music fan		Individual	57