

International Business and Economics Bachelor
Third Year

A kortárs magyar zeneipar kétszintű nemzetközi versenyképessége
The B-level International Competitiveness of the Contemporary Hungarian
Music Industry

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I. Abstract

This study investigates the B-level international competitiveness of the Hungarian music industry, focusing on its adaptation and innovation in facing global and local challenges. It seeks to understand how the sector can grow internationally, setting the stage for strategic development. The following specific research questions were identified:

- 1. What are the general characteristics of the music industry today (in 21st century) and how does Hungary fit into this?*
- 2. What drives the Hungarian music industry's competitiveness?*
- 3. How is the Hungarian music industry positioned in the international market, especially in Europe?*

Therefore, the research aim was to identify and analyse the determinants of competitiveness of the Hungarian music industry, employing a comprehensive approach.

To answer these questions, a deductive approach was used. The literature review synthesized themes on the music industry and competitiveness using an integrative overview technique. Primary data from qualitative interviews were analysed through template analysis, while secondary quantitative data from various sources examined changes in the top 10 global singles from 2021-2023, focusing on the nationality of artists and top Hungarian artists using similar metrics. The research combined macro and micro-level data, using Porter's Diamond framework and data about top singles to assess the Hungarian music industry's global market penetration.

The main outcomes include mapping the Hungarian music industry's competitiveness, shaped by government support and challenges such as small market size and rapid technological changes. Despite the withdrawal of major labels, the rise of independent labels and advancements in production technology have filled the gap. Inefficiencies in funding distribution and reliance on artists' own resources hinder growth. Organizations like HOTS are pivotal in international promotion, but the lack of private funding and the mixed impact of digital transformation require strategic enhancements to boost competitiveness both domestically and internationally.

The main contribution of this research lies in its holistic examination of the contemporary Hungarian music industry's competitiveness, offering actionable recommendations for stakeholders and policymakers to enhance the sector's global positioning and resilience.

Keywords: Hazai versenyképesség, Magyarország, Nemzetközi versenyképesség, Zene, Zeneipar / Domestic competitiveness, Hungary, International competitiveness, Music, Music industry

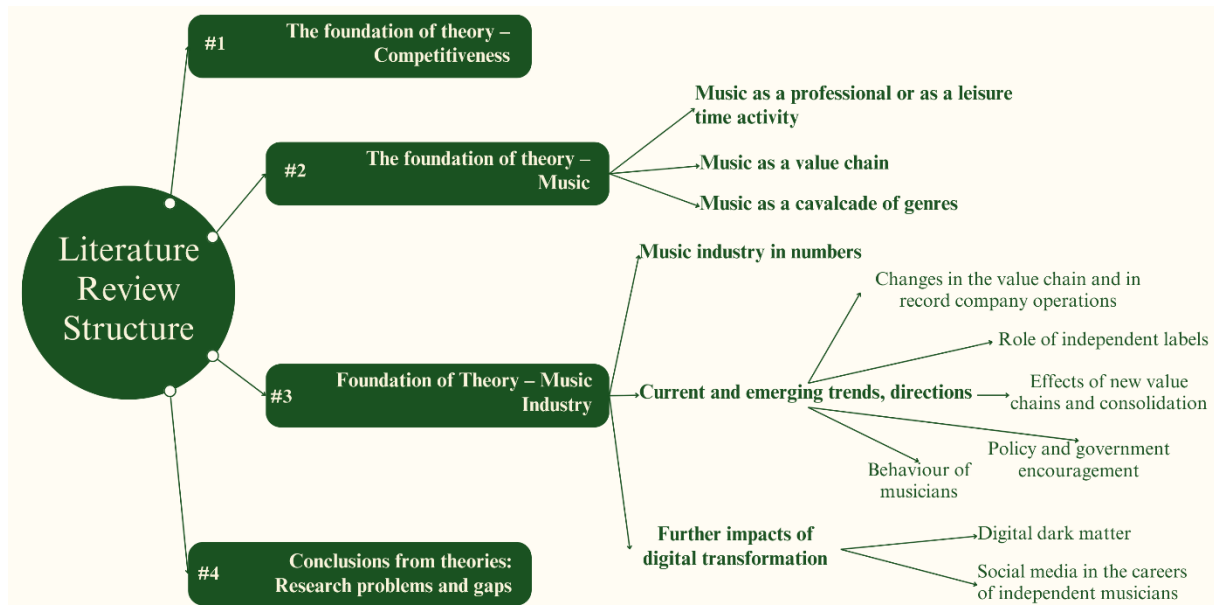
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III. Literature review

This chapter serves to establish theoretical background regarding the topic of micro and macro-level competitiveness of the contemporary Hungarian music industry by selecting, reviewing, and comparing academic literature. As the subject of the research is in the cross-section of competitiveness and music, as a sector, a deductive approach was applied: an initially vague, general analysis regarding factors affecting competitiveness in the music industry especially in Europe and Hungary will be followed by a more narrowed-down discussion of Hungarian policy and trends in data collection in the light of competitiveness of the domestic music sector. To overview the literature review, see *Figure 1*.

Figure 1: Literature review structure



Source: Own Development

“Music can change the world.” — Ludwig van Beethoven

III.1. The foundation of theory – Competitiveness

In the theoretical background, the study begins with conceptualizing 'competitiveness' and narrows down its measurement to sectoral and industrial levels. Then, the main aim is to define the music sector, and later during the empirical research, putting competitiveness in the context of the music industry, drawing on theoretical frameworks and indicators relevant to market dynamics and cultural influences.

In the literature of economics, competitiveness emerged in the mid-1980s as a "national", or more precisely a country-level problem (Szentcs et al., 2005). During the decades, the definition

of competitiveness was disputed as stated in the European Union's document known as the "Lisbon Strategy" (2001) that claims "its interpretation is difficult". As Almadi (2020a) explains, the concept of competitiveness is interpreted in various ways: Éltető (2003) argues that "the competitiveness of a country is in itself an elusive category", besides, according to Horváth (2003), it is a "generic term" and Palánkai (2001) explains its "interpretation and quantification is highly problematic".

According to the definition of the term by OECD (1994), competitiveness is "the ability of companies, industries, regions, nations or supranational regions to generate, while being and remaining exposed to international competition, relatively high factor income and factor employment levels on a sustainable basis". This suggests that competitiveness is present at more levels (Szentes et al., 2005), as it can characterise firms (firm level), industries (sector and industry level), regions (regional level), nations (national or macro level) and supranational regions (level of macro-regions of the world economy, regional integration), and it can also refer to different products and services (sub-market level) or the world economy or market as a whole (level of the world economy or market). Out of these levels, competitiveness at sectoral and industrial level will be examined during this research.

The classic concept of competitiveness at the sectoral and industrial level is that of Michael Porter (Almadi, 2020a). The "Porter diamond" (1990) illustrates the relationship between the industries of the economy, the firms operating in them and competitive advantage. The four main cornerstones of the diamond model are (1) factor conditions, (2) demand conditions, (3) firm strategy, structure, and rivalry, and (4) supporting and related industries.

Firstly, factor conditions underline the significance of locally created competitive advantages and the fact that competitive advantage can arise not only from existing endowments but also from their absence, i.e. from a factor disadvantage. The categories of such conditions include human, physical (natural), capital (financing) and knowledge resources, and infrastructure (physical, administrative, information technology, scientific and technological infrastructure) (Almadi, 2020a).

Secondly, demand conditions include economies of scale and the size of the domestic market as well as the quality and composition of consumers and characteristics of demand, such as growth, construction, and changes (Almadi, 2020a).

Thirdly, firm strategy, structure and rivalry is determined by competition on efficiency of operations and endeavours to innovativeness, besides companies' ownership structure. As

Almadi (2020a) explains, latter concerns owners' and managers' aims, motivation, dedication, their relationship with employees, furthermore, their attitude towards acquiring expertise and taking risks.

Fourthly, Almadi (2020a) collects that supporting and related industries encompass suppliers and connected competitive sectors. Internationally competitive sellers, subcontractors, cost efficient inputs they have access to, together with innovative processes that emerge in the course of coordination with them all result in competitive advantages for the enterprises in the given sectors.

III.2. The foundation of theory – Music

The music industry, specifically the European music industry is a highly convoluted ecosystem. It is made up of a world of actors, national traditions, and languages, and is driven by local dynamics in a highly globalized market (European Commission, 2020). The music ecosystem is constantly evolving and is influenced by multiple levels of governance from local to European, all of which play an important role in regulating and developing the sector, as the report of the EU Commission highlights. To clarify the various activities and actors of the music industry, definitions are provided below, which are summarized and displayed in *Figure 2*.

Figure 2: Representation of the music ecosystem



Source: Shain Shapiro, *Sound Diplomacy* (2019)

Music as a professional or as a leisure time activity

First of all, a distinction can be made between professional and amateur music practice. Professional practice includes all professions specific to music: from musicians to sound engineers, roadies, copyright specialists, label managers and music journalists. On the other hand, amateur musicians include individuals who enjoy music as consumers or engage in it recreationally, whether as a hobby or out of sheer passion (EU Commission, 2020).

Music as a value chain

The music industry consists of two main, interconnected subsectors: the recorded and the live subsector. The recorded subsector focuses on generating revenue from music recordings in physical and digital formats. Conversely, the live subsector is a crucial component of the performing arts, emphasizing live musical performances (European Commission, 2020). However, Henriksson & Janowska, 2023 adds music publishing industry as a third subindustry. To make it more comprehensible, d'Ovidio et al. (2023), Henriksson & Janowska (2023) and the European Commission (2020) divide the value chain of music into five stages based on the place of different actors and locations that are involved in the value-creating process.

The first stage is *creation*, where “a creative process is involved” in the fabrication of new ideas (d'Ovidio et al., 2019) and distinct things like musical composition and sound creation are constructed by musicians and composers (European Commission, 2020).

The second level of the value chain is that of *production*: here, authors of both papers mention the development of the products for mass production that include labour costs of publishers and managers, technology, and regulatory standards. However, d'Ovidio et al. (2019) allocates marketing and advertising to the exchange (fourth) phase, something that the EU's report rather lists to the third stage.

The third chain link refers to *dissemination and trade*, where recorded musical compositions are made available for sales or consumption. Out of the two main (or three – Henriksson & Janowska, 2023) subsectors of the industry, only the recorded side is involved in this stage by making way for physical distribution (packaging, transport, etc.) or digital circulation, i.e. broadcasts on TV or radio, streams on digital service providers or on „user generated content platforms such as YouTube” (European Commission, 2020) and Spotify. Universally, these platforms are expensive to develop but are crucial for increasing reach (d'Ovidio et al., 2019) and obtaining royalty payments for the products.

The fourth stage is the *exhibition, reception, and transmission* link according to the European Commission (2020), that refers to the “cultural experiences of the audiences”, therefore

connecting it to the wider live music industry where all kinds of performances take place (in mainstream international music arenas, festivals, concert halls or local clubs). D'Ovidio et al. (2019) explains that (e)valuation occurs at this (*exchange*) stage in the forms of market transaction, participation, or critique and they list marketing and advertising to this link of the value chain.

The fifth and last stage is described as *ancillary* by the EU's report (2020), that pertains to products and services that, while not directly part of cultural content, play a vital role in supporting or enabling the creation, production, distribution, or presentation of cultural works (technology providers and material suppliers). In addition, the archiving link (d'Ovidio et al., 2019) encompasses not only the education of audiences and creative professionals but also involves institutions like universities and media systems. Additionally, it includes repositories such as libraries, museums, and galleries. This is the critical stage where cultural heritage is identified and subsequently integrated into the production system (d'Ovidio et al., 2019).

In this research, the focus is on examining the music ecosystem through the lens of its key representative organizations at a Hungarian level, then taking a glance at the Hungarian and European music at a microeconomic level. These entities, which represent a major portion of the country's music ecosystem though not all of it, have been instrumental in shaping the industry by providing extensive input and feedback that has greatly contributed to its growth.

III.3. Foundation of Theory – Music Industry

III.3.1. Music industry in numbers

To examine the music industry's complexity, it comprises thousands of small and medium-sized independents alongside three major multinationals—Universal Music Group, Sony Music Entertainment, and Warner Music Group—dominating top charts through highly integrated operations (European Commission, 2020). Independents, accounting for 99% of businesses, drive innovation and talent discovery, producing 80% of new releases and employing a similar share of the workforce (Impala, 2023). They collectively hold nearly 40% of the market, while majors invest heavily in artist development and benefit significantly from digital income (European Commission, 2020; Impala, 2023).

Table 1: Comparison of Music Industry in Numbers

Indicator	Global	Europe	Hungary
Recorded Music Industry Revenue	€24.28 billion	€6.76 billion	€66.38 million
Recorded Music Industry Growth (2021-2022)	9% growth from 2021	~7,5% growth from 2021	~21% growth from 2021
Streaming Revenue	€16.22 billion 67% of the market	€4.26 billion 62.9% of the market	€16.5 million 24.85% of the market
Performing Right Revenues	€2.35 billion 8,64% gain 9.7% of the market	€1.3 billion 56% of the world's income 19.2% of the European	€44,94 million 67.7% of the market
Physical Sales	Grew by 4% to €4.26 billion	Declined by 9.9% to €1 billion	Grew by 5.96% to €4.43 million

Source: Impala 2023, IFPI 2023b, Artisjus 2023, Mahasz 2023, Own Development

Table 1 summarizes music industry data about the global, European, and Hungarian scene. In 2022, global recorded music revenues reached €24.28 billion¹, a 9% increase from 2021 (IFPI, 2023b). Digital revenues, mainly streaming, constituted 70.6% of total revenues. Streaming specifically grew to €16.22 billion, 67% of the market. Subscription streaming led with €11.77 billion, while ad-supported streams and video streaming also saw significant upsurges. The number of paid subscription service users rose to 589 million. Physical sales grew by 4% to €4.26 billion, with vinyl sales showing notable growth. Synchronization (22,3% growth) and performance rights (8,64% gain) revenues also saw escalations. In 2015, the music industry's investment in R&D for new artists and marketing was significant, higher than other industries, and IPR-intensive sectors paid notably higher wages (Impala, 2023).

In Europe, cultural and creative sectors (CCS) contribute 4.4% to the EU GDP and provide 7.6 million jobs in 2023. Specifically, the music sector supports 2 million jobs, adds €81.9 billion to the GDP, and exports €9.7 billion in goods and services. Europe generates nearly a third of global recorded music revenues, holding 27.7% of the market in 2022 with revenues of €6.76 billion. This marks the fourth year of growth (8,9%), although slower than the 15.7% in 2021. Streaming revenue grew by 11.9% in 2022, forming 62.9% of the European music market, while performing rights revenues reached €1.3 billion, accounting for 56% of the world's

¹ Calculation based on exchange rates of 6 December 2023 (\$1 = €0.9267) published by Hungarian National Bank (MNB)

income in 2022 in this category. Physical revenues, however, declined by 9.9% to €1 billion (IFPI 2023b, Impala 2023).

In Hungary's recorded music industry in 2022, the overall industry was worth €66,38 million² or HUF 25,26 billion (Artisjus 2023, Mahasz 2023). Net digital sales from streaming amounted to €16.5 million (25% of the sector), while net digital downloads contributed €247 thousand (0,37%). Physical sales totalled €4.43 million, with albums generating €4.27 million (6,4%), singles €68.3 thousand, (0,1%) and music videos €92 thousand (0,14%). Rights management, i.e. royalties collected amounted to €44,94 million (67,7%) and individual authorisation around €263 thousand (0,36%). In 2022, physical sales grew by 5.96%, with notable surges in singles and music videos. Digital sales increased by 19.86%, driven by a 20% growth in streaming, despite a near 12% decline in downloads (MAHASZ, 2023). This data reflects the evolving landscape of Hungary's music market, highlighting the increasing dominance of digital formats.

III.3.2. Current and emerging trends, directions

Changes in the value chain and in record company operations

Bernstein et al. (2013) claims that music labels have been severely impacted by two technological trends. One is the blatant act of piracy – the unauthorized copying of music: as soon as a new pop album is released, it is pirated completely, including the album's artwork. Numerous multinational companies have shut down their operations in various African nations due to the sheer impossibility of operating profitably in such conditions. According to Leurdijk & Nieuwenhuis (2013), the music industry claims that piracy of illegally shared and downloaded music from P2P networks is the main explanation for these losses.

The other challenge facing record companies is the prevalence of computer-based file sharing (Bernstein et al., 2013). However, this has shrunk significantly as streaming services such as Spotify can deter piracy with a simple freemium model (Halmenschlager & Waelbroeck, 2014). They argue that as copyright protection becomes stronger, the appeal of freemium models diminishes because there's less need to redirect online pirates towards free streaming services. From this perspective, freemium models can act as an alternative to copyright enforcement. Besides, streaming services may have replaced part of downloads because they managed to

² Calculation based on exchange rates of 6 December 2023 (€1 = HUF380.54) published by Hungarian National Bank (MNB)

exploit the changing consumer habit of buying “singles” instead of “albums” with their recommendation systems (Pitarch Ripollés, 2019).

Music consumption has evolved (Bernstein et al., 2013); listeners now use various devices to stream or download music on-demand, leading to the rise of online music platforms and the closure of traditional music stores. Consumers actively engage with music online by sharing and remixing, creating new revenue streams for music companies through royalties from platforms like YouTube.

Bernstein et al. further elaborates (2013) that social networks have become crucial for promoting and selling music, offering a space for users to share tracks and suggestions, and for record labels to host streaming services. For example, Spotify mandates users to connect their subscriptions to their Facebook accounts, reflecting a shift from music as a tangible good to a service-based model.

Effects of new value chains and consolidation

Facing the challenges of piracy and declining CD sales, music companies are increasingly partnering with legal online music services, launching their own digital platforms, or forming joint ventures (Leurdijk & Nieuwenhuis, 2013). They are diversifying income sources through live performances and merchandise. More frequently now, they engage in '360-degree deals', managing artists' entire careers including recordings, live shows, merchandise, and rights for online streaming, radio, and usage in movies, games, and TV. Guichardaz et al. (2019) explore the evolving roles of major record labels in the digital era. While Graham et al. (2004) suggested that the digital revolution could signal a decline for major labels but a brighter future for artists and consumers, Guichardaz et al. (2019) confirm that digitalization has indeed lowered barriers to entry. Still, major labels continue to play significant intermediary roles, leveraging their historical strategic resources to operate more efficiently than independent labels. Moreover, to implement their new '360 deal' strategy, major labels reorganize and enhance their conventional strategic resources with transactional abilities. Lastly, majors cultivate and maintain their transactional proficiency by structuring their business organization into a modular system (Guichardaz et al., 2019).

Concert promoters like Live Nation and Anschutz Entertainment Group (AEG) are also securing such comprehensive deals with artists. By doing so, they assume greater business risks for more influence over the artists' work and profits. Additionally, music companies are investing in established artist brands from the past, including those of deceased musicians, by

republishing their music and integrating them into contemporary media (Leurdijk & Nieuwenhuis, 2013).

Bernstein et al. (2013) explains that the music industry has grown more segmented and specialized, leading to instances where giant companies struggle to effectively market various musical genres. Recognizing this issue, multinational corporations have adopted several solutions, such as establishing separate record distribution channels that function independently from their main distribution networks. Another strategy is to fund or own part of independent labels for cuts in profit.

Nevertheless, cultivating and keeping a devoted online following also demands investment, something not all solo artists have the financial means or the necessary expertise for. Majors therefore support big stars, who remain at the top despite smaller artists having occasional hits.

Pushmin (2023) concludes that music management is a crucial element of the music industry as it manages processes related to the creation and dissemination of music works. This point is further strengthened by Danilova & Krupa (2021), who highlight the significance of putting emphasis on brand management as a way to promote musical artists. “The point of music brand management is to make an artist recognizable, form a loyal fanbase, and effectively promote their brand in the music market”. Furthermore, market selection decisions (size, competitiveness, age) and product positioning impact product performance in many ways (Hoskins & Griffin, 2022), so brand strategy must be selected carefully.

The modern market for cultural offerings, fuelled by globalization, digital advancements, lower barriers to entry, and heightened competition, is characterized by a vast array of products, services, and experiences (Hracs et al., 2013). Bhaskar (2016) suggests that 'curators' like Spotify and Apple Music provide value to consumers by simplifying choices, conserving time, sparing mental effort, ensuring quality, and addressing the issue of 'information overload' – a prevalent challenge in today's economy as noted by Glückler and Sanchez-Hernandez (2014) – by filtering out the non-essential. These streaming services selectively feature content on their home screens for user engagement, often influenced by business deals and the relationships between music creators and distributors (Jansson & Hracs, 2018). Overall, based on Korean data, the analysis of Lee et al. (2016) suggests that online streaming positively impacts music record sales.

Role of independent labels

Bernstein et al. (2013) highlights that disregarding independent labels as insignificant in the current record industry is incorrect. Several small labels have successfully carved out a market by specializing in niche music genres like reggae, children's music, folk, gospel, and world music. These labels sign artists that majors are mostly uncomfortable with, but they know that superstar status is unachievable. Naxos Records, a budget classical music label based in Hong Kong, has become a success despite the overall decline of the classical record industry. By selling recordings at a significantly reduced price and paying musicians flat fees instead of royalties, Naxos has managed to keep costs low. This approach includes recording with orchestras in Eastern Europe and Asia at lower rates. Naxos has become the leading seller of classical music albums and has broadened its offerings to include jazz and world music (Bernstein et al., 2013).

Behaviour of musicians

For the overall picture, we must detour to the ever-changing situation of musicians' working lives, explored by Coulson (2012). Firstly, the establishment of 'creative industries' and their association with the 'creative economy' has been to the detriment of musicians and possibly others who have unique work practices in what was previously known as 'the arts'. Banks and Hesmondhalgh (2009) also emphasize that the push for everyone to develop entrepreneurial skills, along with the belief that success will follow, fails to consider the specific and precarious nature of the job market for musicians. Secondly, the insistence by educational or financial institutions on entrepreneurialism may result in individuals taking responsibility for market deficiencies Coulson (2012). Moreover, this shifts the perception of work to being solely about earning income and contributing to the economy, which many ambitious musicians get exploited for by major labels. More than this, Haynes & Marshall (2017b) suggest that engaging in entrepreneurial activities is characteristic of musicians within modernity more generally. Weber (2004) points out that historical success in music required only talent, but nowadays their newly emerging role demands entrepreneurial skills such as self-promotion and market manipulation through social networks.

Policy and government encouragement

In various countries, the government has implemented measures to support the national music industry. These measures include two primary strategies: investing in the popular music sector and regulating the content that is broadcast on the radio (Bernstein et al., 2013). For instance, in England, the government employs music as a training method for unemployed young people as a strategy to fight against unemployment.

Another way of encouraging music is by education, as many professional musicians, particularly those in rock and jazz bands, begin their careers as amateurs, playing their music at gigs in small venues (European Commission, 2020). This can be influenced by compulsory time or music at secondary schools or the support for higher music education and increased diversity (European Commission, 2020).

Leurdijk & Nieuwenhuis (2013) explain that the primary legal hurdles to establishing a unified European market for media products, especially digital music, are related to copyright and licensing. Music providers must secure rights on a country-by-country basis, complicating operations across the EU. Additionally, technological incompatibilities, varied DRM systems, and differing VAT policies contribute to market fragmentation. For online music providers looking to serve multiple EU countries, a significant issue arises from the need to negotiate with various rights holders—authors, composers, performers, record labels, and music publishers—who have different rights and contracts managed by distinct collective management organizations. This requires negotiating usage terms for each work with every rights holder in each territory. “The European Commission Digital Agenda aims to solve some of these issues in order to realize the goal of a digital single market.” (Leurdijk & Nieuwenhuis, 2013).

III.3.3. Further impacts of digital transformation

Digital dark matter

Greenstein and Nagle (2014) argue that the benefits of digitalization of resources have hidden benefits or drawbacks for the economy in the form of spillovers (“digital dark matter”). Vendrell-Herrero et al. (2014) support the empirical hypothesis that digital dark matter is positively linked to national competitiveness, which indicates the potential value for governments to adopt policies that support soft innovation, offering incentives and encouragement for the private sector to develop and expand their product and service offerings.

Social media in the careers of independent musicians

Haynes & Marshall (2017a) discuss, that while common discussions about the internet's impact on the music industry highlight the struggles faced by major labels, an optimistic perspective exists as well, underscoring the internet's benefits for independent artists. It is argued that these digital tools empower musicians to reach worldwide audiences and foster financially viable, independent careers.

However, they highlight their findings: firstly, “independent musicians are at the sharp end of the ‘crisis of the music industry’ and online success does not easily translate into material

sustainability”. They found that social media is better suited for keeping existing audiences engaged rather than attracting new followers. Haynes & Marshall (2017a) also claims that as the online music market became over-saturated, internet only provides “invisible visibility” due to little distinguishment of acts. Lastly, they strengthen a previous point mentioned by Guichardaz et al. (2019) that “traditional gatekeepers remain vital” as sponsorship is indispensable for moving to the next level, “and important new ones have emerged”.

III.4. Conclusions from theories: Research problems and gaps

While extensive research has been conducted on competitiveness within various sectors, the Hungarian music industry, particularly in its contemporary context, has not been thoroughly explored. To address this, this research will employ Porter's Diamond model among other analytical tools, as outlined in the literature review, to provide a comprehensive analysis of the international B-level competitiveness of the contemporary Hungarian music industry. This approach aims to uncover the factors contributing to the industry's competitive position both locally and internationally, and hold potential utility for stakeholders, offering recommendations to enhance their contribution to the industry's competitive edge and showcasing their international and European market competitiveness. Thereby, this paper strives to offer insights into strategies for enhancing the industry's global standing and seeks to bolster Hungarian music as more successful exports, benefiting the state, musicians, and enhancing the consumers experience, thereby elevating Hungary's international prestige.

IV. Research Design and Methods

This study investigates the B-level competitiveness of the Hungarian music industry, focusing on its adaptation and innovation in facing global and local challenges. It seeks to understand how the sector can grow internationally, setting the stage for strategic development. The following specific research questions were identified:

- 1. What are the general characteristics of the music industry today (in 21st century) and how does Hungary fit into this?*
- 2. What drives the Hungarian music industry's competitiveness?*
- 3. How is the Hungarian music industry positioned in the international market, especially in Europe?*

Therefore, the research aim was to identify and analyse the determinants of competitiveness of the Hungarian music industry, employing a comprehensive approach.

To answer these questions, a deductive approach was used, i.e. proceeding from a general perspective to a specific one (from literature review to research methods, data collection and analysis to results). For the literature review, a research panorama was firstly created and then the topics of the music industry and competitiveness were synthesized using an integrative overview technique³ (Almadi, 2020b).

Thus, at least 50 academic and non-academic sources were utilized, including both journal articles and books, for the review. The sources were accessed from the Library of Corvinus University of Budapest, using the scientific databases (e.g. Ebsco, Elsevier). Search terms were: 'music industry', 'competitiveness', 'Porter diamond', 'composite competitiveness index', 'Europe', 'Hungary', and their Hungarian equivalents. Inclusion criteria was to use sources mostly published in the 21st century, preferably with European and Hungarian relevance. The overview provided insights into the different levels of competitiveness measurement, at the industry and product-service level.

To my research objective, defined along these insights, research problems and gaps, the following data collection methods were assigned:

³ For overview techniques, see Almadi, S. 2020b. Machiavelli, machiavellista, machiavellizmus - A Machiavelli nevéből eredő fogalmi keretek történeti-integratív áttekintése. 19. 3-33.

Primary, five qualitative expert interviews were conducted with experts from various parts of the contemporary Hungarian music industry: [1] Dr. Tóth Péter Benjámín, the Business Transformation Director of Artisjus; [2] Kedves Péter, the coordinator of Hungarian Oncoming Tunes (HOTS), the founder of the band Belau, project manager at Supermanagement, lecturer at Majdnem Híres Rocksuli; [3] Antal Levente, music producer and founder of Blunt Shelter Records; [4] an undisclosed employee of Supermanagement; and [5] Pécsi-Szabó Dénes, founder of Up Music Budapest, organizer of Budapest Showcase Hub, member of Association of Music Managers (ZEME). During the selection of the interviewees, a homogeneous sampling technique was used, looking for similarities like the fact that all must work for an organisation that supports the Hungarian music industry. This was based on the most important players of the Hungarian music industry identified in the literature review, Ruzs András's expert recommendation from the event of Tourism Club of Corvinus: "Zenei útvesztők: Koncertek és a Zeneipar változó jövője (Music mazes: Concerts and the changing future of the Music industry), and the recommendations of interviewees themselves.

During the interviews, predominantly qualitative data was collected, in a structure to aid interviewees and answer posed research questions. The interviews began with introductory questions to position the participants within the Hungarian music industry and provide an overview of their careers. This was followed by inquiries into their current organizations, exploring strategies, contributions to the industry, and perspectives on issues like the exit of major labels. Next, they shared views on the competitiveness of the Hungarian music industry, addressing key organizations, challenges, opportunities, and strategies for international competitiveness, particularly in Europe. The sessions concluded with forward-looking discussions on trends, initiatives, and future visions for the industry.

Table 2: Codebook

Code	Category	Question	Value
1.1	Introductory Questions	How many years have you been in the music industry, how did you get here? Do you have a personal connection to music?	Qualitative
1.2		How long have you worked for [your main organisation]?	Qualitative
1.3		How many years have you been in this position? Which segments of the music industry have you been involved in, and what have been the most significant points in your career?	Qualitative
1.4		What are your main tasks [in every place you work at]?	Qualitative
2.1	Questions to the Interviewees main organization	How do you see the actors (independent record labels, musicians) in the Hungarian music industry, how do they contribute to its competitiveness, have the independent labels been able to fill the gap caused by the withdrawal of the majors? How is [your organisation] positioned in this context?	Qualitative

2.2		What are the main tasks of [your organization] and how do they support, what impact do they have on the Hungarian music industry and its players?	Qualitative
2.3		What other opportunities does [your organization] provide to support Hungarian musicians? If so, which areas of the music industry are these focused on?	Qualitative
2.4		In your opinion, what is necessary for a Hungarian musician or band to enter a foreign career and achieve success? Do you contribute to this with something?	Qualitative
2.5		What has been the impact of the withdrawal of major labels from Hungary on the competitiveness of the Hungarian music industry?	Qualitative
3.1	Questions about the Interviewee's views on the competitiveness of the Hungarian music industry	What other organisations can you name that contribute to the development and progress of the Hungarian music industry (MAHASZ, National Performing Arts Interest Reconciliation Council [NEÉT], Hungarian Oncoming Tunes [HOTS], Music Hungary, etc.)? How do these organisations contribute most to the competitiveness of the Hungarian music industry?	Qualitative
3.2		How do you assess the competitiveness of Hungarian music in a domestic context and compared to international markets?	Qualitative
3.3		What challenges and opportunities do Hungarian music face at home and in international competition?	Qualitative
3.4		What strategies and approaches do you propose to increase the (international) competitiveness of Hungarian music, either at micro or macro level?	Qualitative
3.5		How does Hungarian music compare with other Central and Eastern European musicians and genres in terms of competitiveness?	Qualitative
3.6		Do you think it is possible for a Hungarian world star to be born? Is this the aim of the actors in the Hungarian music industry (associations, publishers, etc.)?	Qualitative
4.1	Closing, forward-looking questions	What current trends and challenges do you perceive and what are [your organization's] plans for the future of the Hungarian music industry in relation to these?	Qualitative
4.2		Do you have any specific initiatives or strategies that you would like to introduce soon to support and promote Hungarian music?	Qualitative
4.3		How do you envision the future of Hungarian music in the coming years, and what steps do you plan taking to strengthen the Hungarian music in the global market?	Qualitative

Source: Own Development

Expert interviews were processed using template analysis⁴ (Almadi, 2018). A codebook was prepared (see *Table 2*) for the five interviews with the same themes and questions to be raised towards each interviewee. Then, a matching coding scheme was created, a “template” (see Appendix VIII.1.), that lists the codes of the questions and the names of the participants, and the corresponding answers were placed into the scheme from the interview transcripts (for transcripts, see Appendix VIII.2.). In case of too much qualitative data, only the essence of

⁴ On template analysis, see: Almadi, S. 2018. Can the V4's Priorities Shape “Europe's Priorities”? The Multiannual Financial Framework 2021-2027. EUROPEUM Institute for European Policy. Think Visegrád in Brussels, Policy Brief, November, p. 1-30.

responses was provided, which increased bias. Afterwards, the content of the scheme was evaluated in line with the research objective and its questions.

Secondary, quantitative data compared the most played singles in the global music scene, indicating some of the largest musicians, using the IFPI's Global Subscription Streams Equivalents (GSSE). "The IFPI Global Digital chart presents the world's best-selling single of the year across all digital formats – including single track downloads, and streams on both paid subscription services and ad-supported platforms" (IFPI Global Charts – IFPI, 2024).

Data was selected based on a homogeneous sampling technique, looking for similarities: Top 10 singles in global charts in years 2023, 2022 and 2021, highlighting the artists' nationality as a basis to compare listenership of global top performers with Hungarians, also indicating the volume of European top artists in the global scene. To provide a more punctual comparison, the globally most streamed artist of Spotify was compared with the most streamed European and Hungarian.

In both primary and secondary data collection, relevant ethical considerations were considered, such as anonymity of data and interviews, publishability of data obtained, public availability of secondary data and respect for individual rights.

V. Data Collection and Analysis

V.1. Analysis of Secondary Data with Porter's Diamond: Hungarian Music Industry

V.1.1. Factor Conditions

Mapping of funding at national, regional, and sub-regional levels based on the report of European Commission (2020)

In Hungary, various organizations offer grants (such as Hangfoglaló, the Hungarian National Cultural Fund - NKA, and the Hungarian Music Council - Magyar Zenei Tanács). However, this assistance primarily targets classical music genres, which could not exist without governmental aid, and does not extend to specific tax benefits or regulations for the music industry, aside from these grants.

Considering capital resources, the Hungarian Ministry of Culture provides music funding through the semi-autonomous National Culture Fund (European Commission, 2020). Additionally, state and municipal infrastructure, primarily concert halls, along with classical music ensembles, receive direct financial support, contributing to the industry's infrastructure endowment. However, there is no centralized database for tracking this kind of funding.

The European Commission report also mentions Nemzeti Előadó-művészeti Érdekegyeztető Tanács (NEÉT – National Council for Reconciliation of Interests in Performing Arts), a council focused primarily on the national funding for classical ensembles, symphonic orchestras, concert halls, and the music school system. It serves as a forum for discussing issues related to professional policies, support, and legal relationships within the performing arts, as governed by law, employing significant human resource to strengthen factor conditions.

The National Cultural Fund of Hungary (NKA) significantly contributes to the Hungarian music scene – described by the European Commission (2020) – notably through its support for the Hungarian Music Export Office (HOTS) and by managing 25% of private copy levies. The NKA's initiatives include grants for new Hungarian classical music compositions, distribution, and promotion of contemporary classical music, both domestically and internationally, with funds allocated for various projects in 2019 ranging up to €12,000 per application. This is a significant contribution to factor conditions in many ways.

Additionally, the NKA offers support for producing and distributing audio and video materials, publishing classical music scores, and scholarly works, with similar funding opportunities. It

also facilitates Hungary's participation in international performing arts organizations and the implementation of masterclasses in Hungarian classical music, providing financial support without strict maximum limits for certain programs.

Through the Club Sponsor Subprogramme, the NKA aids live music venues in promoting at least one live music event per month, focusing on a diverse range of genres. This program aims to bolster the live music infrastructure conditions in Hungary, offering financial assistance (capital) for performer compensation and event promotion across urban, rural, and cross-border Hungarian-populated areas.

The Hangfoglaló Programme is a vital initiative aimed at fostering emerging musical talents within and outside Hungary, offering a diverse suite of grants that promote the development of young musicians, opportunities for high-quality performances and the promotion of popular music abroad. The Voice Recruitment Programme focuses on developing young talent and providing support to produce audio and video recordings, offering up to €6,055 in grants for career-launching communication efforts. Hungarian Oncoming Tunes (HOTS) serves as the strategic arm for exporting Hungarian pop music, enhancing its international presence, and organizing events to share global industry insights with domestic artists. Additionally, Hangfoglaló offers professional training and seminars free of charge, aiming to improve artists' administrative skills, thereby supporting their professional growth and knowledge resources of the industry.

Founded on December 5, 1990, by 20 musical associations, the Hungarian Music Council now includes 38 civil organizations, 14 associated institutions, and 10 individual members. Its primary roles include representing the Hungarian music sector to the Ministry of Culture, nominating musicians for state decorations and World Music Day, and coordinating artist recommendations for musical awards from the Minister of Culture. This contributes to the human and knowledge resources of the industry.

Tax incentives and regulations

In Hungary, the music sector does not benefit from any special tax incentives or regulations, thus taxation on music-related activities is comparatively higher than in Western Europe: the general VAT rate corresponds to 27%. This is a vital part of the industry where the government does not support growth and prosperity therefore a comparative disadvantage of Hungary compared to other European nations.

Endeavours of Music Hungary Association

Music Hungary (2023) outlines the current state and challenges of the Hungarian state support system for the music industry, particularly considering the post-COVID era. They emphasize the need for assessing damages and facilitating recovery, especially given the sector's struggles with labour shortages and financial losses. The summary highlights the importance of targeted, predictable, and user-friendly support to enable the sector's contribution to competitiveness, community building, and international presence.

V.1.2. Demand conditions

Considering the size of the domestic market, Hungary is ranked 16th amongst European countries in population with appr. 10,1 million inhabitants (Worldometer, 2024), making it a rather small market.

When looking at the characteristics of demand, based on the population survey conducted by ProArt in Music Industry Report 2022, 70% of Hungarians aged between 18-60 listen to music every day, while this increases to 86% in the age group 18-29. More than three quarters listen to music on mobile (aged 18-60), again, this rises to 94% amongst the younger generation. Interestingly, 52% of this group listens actively (not passively) to music. For kids between 8-14 years of age (ProArt - Alliance for Copyright, 2023), telephones are the leading device to listen to music on, with smart TVs and laptops following. Most (84%) use YouTube as the main platform, while Spotify being the second (26%) and Apple Music lagging behind (3%). Most Hungarian children obtain ideas about what kind of music to listen to from friends and classmates, with parents and app recommendations taking the next places.

Despite weakening to streaming, radio listenership was still the most dominant music source in 2022 amongst Hungarians, with content consumption from radio diminishing slower (2022: 49% vs. 2020: 68%) compared to that of radio as the device (2022: 35% vs. 2020: 57%). Additionally, one third of respondents listen to music on television, out of which 70% from the internet (ProArt - Alliance for Copyright, 2022). The boom of streaming services is still prominent, with daily use almost doubling from 2020 (15%) to 2022 (27,3%). However, the growth of Spotify, YouTube and Apple Music is slowing down. The ratio of paid subscribers is on the rise (62,6% in 2020 from 48,6% in 2020). Close to 38% of respondents use own subscription, while one fourth having family package subscriptions and one third utilizing free services. 3,3% of respondents make use of the subscription of an acquaintance.

Considering concert attendance in 2021, the main causes of absence were: time (44,5%), money (20,1%), no great concerts available nearby (18,7%), no concerts that are interesting (16,5%).

Compared to the Music Industry Preliminary Report from ProArt (2023), the number of live and electronic music performances in Hungary changed throughout the years: from appr. 75 thousand in 2019, it only recovered to 60 thousand in 2022 (ProArt 2023, Artisjus).

Hungarian popular music on global platforms

Tófalvy et al. (2023) report that streaming charts serve as indicators of musical trends in the digital era, revealing diverse preferences on platforms like Spotify and YouTube, both globally and in Hungary. Globally, YouTube showcases a more international, culturally diverse range, including Global South artists, whereas Spotify leans towards Anglo-Saxon, Global North music. In Hungary, Spotify reflects more international, cosmopolitan trends, while YouTube is notable for local music consumption. The overlap of songs on both global and Hungarian charts is 33% for Spotify and only 10% for YouTube, highlighting a stronger local dominance on YouTube. The most streamed artist in Hungary is Azahriah, a young, digital-native male with pop/hip-hop influences, while Nateki is the most streamed Hungarian artist globally. According to their analysis, Hungarian music remains on the global periphery, lacking a worldwide star. The consumption patterns reflect central-peripheral dynamics, with Hungarian music not present in the international mainstream or significantly in countries with large Hungarian diasporas.

Tófalvy et al. (2023) also mentions that Hungarians increasingly listen to Hungarian music, with streaming platforms showing a higher proportion of local music compared to foreign, surpassing legal requirements for radio (35%) and previous trends (48,4%). This aligns with the global trend of "glocalization," with pop and hip-hop being the most popular genres, and the spread of music being significantly influenced by visual media and interactions across different platforms.

Additionally, children in the ProArt - Alliance for Copyright (2023) report declared more than 60% of Hungarian musicians in their top 50, and exactly 60% in their best 10, with Azariah claiming the first place.

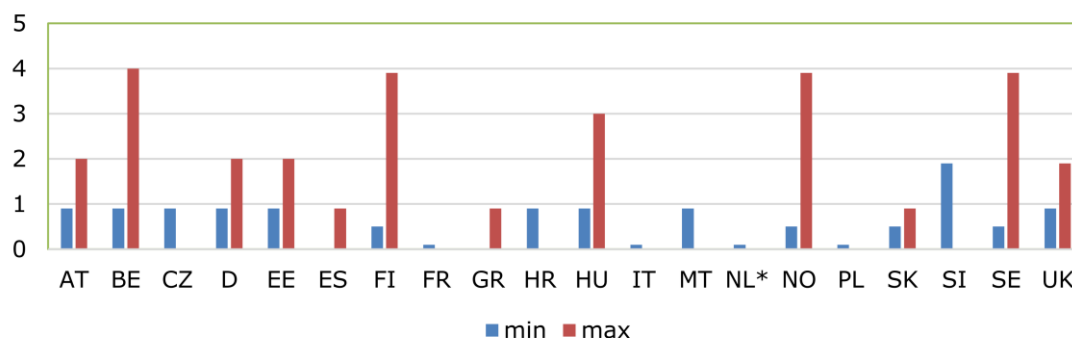
V.1.3. Firm strategy, structure, and rivalry

The exploration of firm strategy, organizational structure, and competitive dynamics within the Hungarian music industry remains significantly underdeveloped. Existing research provides limited insights into how firms in this sector strategize, structure their operations, and interact within the competitive landscape. This gap in the literature underscores a critical need for

comprehensive studies focusing on strategic management practices, organizational designs, and rivalry dynamics among firms operating within Hungary's music industry.

Regarding education, the compulsory time for music per week at secondary school can be seen from *Figure 3*, putting Hungary in the mean of the listed countries regarding minimum hours, and above-average for maximum.

Figure 3: Indicative compulsory time for music per week at secondary school



Source: MENet, 2019

Moreover, the number of higher music education institutions (music teaching and musicians) is seven, while there are a total of 2000 music students at university level (AEC, 2004), so compared to other EU nations, Hungary is doing well quantitatively. Qualitative information and analogy were unavailable for this category. Apart from these, the Pre-Orchestra Subprogramme facilitates the integration of emerging artists into established bands' tours, covering necessary expenses and encouraging mentorship relationships between newcomers and experienced musicians, contributing to sharing knowledge.

According to the musician – professional survey of the ProArt Music Industry Report (2022), top three milestones of the music industry in 2021 were COVID-19 and restriction; concerts, festivals, and events opening up; and existential and other hardships. Musicians feel like that growth in 2021 has not been able to reach 2019 levels, with 65% claiming that they had a worse year in 2021, despite 47% believing to have achieved revenue growth. The changes in the Act of Fixed-rate Tax of Small Taxable Enterprises (KATA) impacted the income of musicians negatively to a large extent according to two thirds of the respondents, negatively to a small extent for 15%, slightly positively for 15% and largely positively for 2% of the answerers. These are crucial for competition on efficiency as high tax rates and inflation make it more expensive for Hungarians to attend concerts or less profitable for musicians to hold them as well as generally operate in their daily activities.

According to 51,8% of musicians, the professional costs of musicians (such as instruments, studio, rehearsal room, sound engineer) rose more compared to inflation, after the COVID-19 pandemic and KATA act changes. Meanwhile, 70,3% of respondents claimed they either increased less or could not raise their prices in comparison to inflation. Structure and rivalry aspects were more challenging to find, leaving room for primary data in this regard.

V.1.4. Supporting and related industries

Hungarian collective rights management

Over a century ago, the institution of collective rights management emerged due to the simultaneous and mass broadcasting of works and performances. This institution allows organizations created by rights holders to manage licensing, collect, distribute, and document royalties. In everyday terms, collective rights management becomes necessary when numerous works by various rights holders are used by many users, making individual agreements impractical. For instance, in hospitality venues playing diverse music, it's impossible for each rights holder to negotiate individually. Collective rights management ensures regulated, predictable single payments of royalties, serving both rights holders and users (Mahasz, 2024). This is a key supporting industry for the Hungarian musicians, affecting the efficiency of payment collection, music distribution and revenue of the artists.

Currently, there are seven registered collective rights management organizations operating in Hungary, out of which this research will deal with ARTISJUS Magyar Szerzői Jogvédő Iroda Egyesület (ARTISJUS Hungarian Association for the Protection of Authors' Rights), MAHASZ (Hungarian Recording Industry Association), and Előadóművészi Jogvédő Iroda (EJI; Performing Artists' Rights Protection Office) is also worth mentioning.

Endeavours of Music Hungary Association

PwC Hungary analysis for Music Hungary (PwC & Music Hungary, 2020) and (Music Hungary, 2021) on VAT impacts in the concert and festival sector outlines the sector's economic and cultural significance, challenges exacerbated by high VAT rates and COVID-19, and benefits of VAT reduction, which is highly influential on the revenues and success of the music industry. The study reveals that lowering VAT rates on tickets to 5% could significantly benefit the sector by increasing net revenue, supporting performers and subcontractors, and enhancing crisis resilience. Despite a potential direct loss to the budget, overall, the reduction is seen as beneficial for the economy, potentially leading to a net positive impact. The analysis

also underscores unquantifiable benefits such as enriched cultural life, improved competitiveness for international performers, and increased tourism – also a relating industry.

Furthermore, Music Hungary (2022) examines ways to increase the share of Hungarian music across four major platforms: radio, streaming, television, and background music markets. It assesses the current situation and proposes twenty-three specific recommendations for improvement, including legislative preparations, educational campaigns, and consultations to support the music industry through media and entertainment. The report identifies challenges such as the lack of recent music on national radio, issues with copyright licensing in streaming, and the limited visibility of music programs on television. It also addresses the underexplored sector of background music in public spaces, suggesting state-funded infrastructure development and awareness campaigns to highlight the importance of background music services. The proposals aim to enhance the presence and appreciation of Hungarian music across these platforms, ensuring better representation and support for local artists. Connected to the media, the initiative of the Media Grant is also key, which supports the music press, including print and online media, adapting to the changing dynamics of music journalism.

V.2. Analysis of Primary Data: Expert Interviews

V.2.1. Introduction of Interviewees

Interviewee [1], Dr. Tóth Péter Benjámín has built a remarkable career at the intersection of music and law. With a childhood passion for music and a law degree, Dr. Tóth found his calling at Artisjus, a leading organization in copyright management, where he has been serving for 24 years. Starting as a lawyer during the first 10 years, his role evolved significantly, and he now holds the position of Business Transformation Manager. In this capacity, he is involved in communication, HR, and business intelligence, contributing to IT and business strategy alignment. Dr. Tóth's work is crucial in ensuring fair compensation for artists royalties from Hungary or abroad and highlights the importance of rights management organizations in the music industry's ecosystem. His journey reflects a deep commitment to primarily protecting the rights of songwriters (authors), making him a key figure in connecting legal expertise with a love for music.

Interviewee [2], Kedves Péter is a remarkable figure in the music industry with 12-13 years of experience that includes playing music, concert organizing, band management and much more. His career began with the appreciation that he had for music and with a thesis written on a related topic. Péter's initial entrance into event management through tourism and his internship on the A38 ship eventually led him to concert organizing. After gaining experience like managing smaller bands, working at a PR agency, and completing a training at Majdnem Híres Rocksuli, he founded the band Belau, where he tested his abilities in PR, management, and foreign promotion, leading to international recognition and performances in nearly 30 countries. Beyond managing Belau and now Palo Canto, Péter's portfolio of activities expanded to entail managing other bands and solo artists (like Dallos Bogi and Azariah), contributing to their (international) success. He holds a vital role at the export office (HOTS), promoting Hungarian music globally, and is active in educational initiatives, even starting his own training with the topic of music export. Péter's expansive network, international experience, and educational endeavours underscore his commitment to promoting talent and cultivating Hungarian music on a global stage. His multi-faceted career showcases a deep passion for music, strategic management skills, and a dedication to the growth of the music industry.

Interviewee [3], Antal Levente's path in the music industry is marked by a strategic amalgamation of his economic background and his passion for music. Having launched Blunt Shelter Records in 2017, after a successful but unfulfilling career in marketing, Antal shifted to

music and beat making full-time, capitalizing on the streaming revenue of his own creations from all over the world. His leadership as CEO extends beyond administrative duties to include A&R and merchandising, highlighting his intricate role within the label. The evolution of Blunt Shelter Records under Antal's guidance went from instrumental hip-hop to embracing jazz and electronic music, reflecting their personal preferences and market strategy. His deliberate avoidance of performers of mainstream pop genres and paid traffic for content promotion shows a focus on organic growth and authenticity. Antal's approach is analytical, leveraging his economic knowledge to enhance streaming revenues and strategic marketing both in Hungary and abroad, yet deeply rooted in a passion for music that resonates with their now not-so-niche audience. Antal's story demonstrates the significance of passion-led leadership in the music industry, exhibiting the ability of the alignment of personal interests and professional expertise driving a unique and prosperous business model.

Interviewee [4] (anonymized) has carved out a seven-year career in the music industry, initiated by an internship at Universal Music Group (a major label), leading to a specialized focus in tour management and a permanent involvement in music-related roles. Joining Supermanagement in 2017 upon an invitation, Interviewee [4] ascended to the role of managing director, being responsible for operational management. Despite Supermanagement operating with ten personnel, their revenues evidence growth from its founding quartet. Interviewee [4]'s role extends to financing, billing, payment collection and management, as well as day-to-day strategic management of Dzsúdló, with the two top-level managers working besides him. He is also involved in other performer's projects, including Wellhello, Follow the Flow, Azariah, Desh and Anna and the Barbies, while providing some distribution services to few artists.

Interviewee [5], Pécsi-Szabó Dénes entered the music industry 11 years ago at age 30, starting with representing bands at a festival in Texas. Driven by a passion for showcasing Hungarian music globally, he founded Up Music Budapest, where they offer 360-degree deals to artists they decide to sign (like Jazzbois and ZÓRA). Despite not yet being officially a publisher, they operate extensively across the music industry according what is needed, especially in live music promotion and event organization. Dénes has undertaken on a variety of roles, embodying the classical Hungarian model of a music manager who is responsible for booking, PR, psychological support for artists and even record label tasks. A substantial part of his career has been organizing the Budapest Showcase Hub, a peculiar festival that promotes Hungarian and Central-Eastern European artists bands to an international (western) audience, underlining the region's untapped market potential. This effort corresponds with his mission to improve

Hungary's image abroad through cultural export. Furthermore, Dénes works as a member of board of the Association of Music Managers (ZEME), advocating for professional interests within the Hungarian music industry. Despite the lack of substantial state or private funding, he continues to support the Hungarian music scene, driven by a deep devotion to cultural promotion and regional collaboration.

V.2.2. General Sectoral Analysis

Assessment of competitiveness – Question 3.2

Expert views somewhat differ on the overall competitiveness of the Hungarian music industry, depending on what segment the interviewee works in and how long they have been deeply involved in the intricacies of the profession. For question 3.2 for example, interviewee [3] highlighted the promising growth and reach of Hungarian music, resulting in Hungarian preparedness catching up with surrounding countries. He underlined the growing listenership of bands like Jazzbois, whose case is an adequate representation of the global audience distribution: they have the most listeners from the USA, then Western European nations like the UK, Germany, France, besides Australia as well as the Netherlands, Canada and so on, with Hungary only being the 11th on the list. In February 2024, they had 56,000 listeners from the US, while only 6,000 from Hungary.

This opinion might conflict interviewee [5]'s, due to [3] from Blunt Shelter Records working in more of a niche. [5] views that Hungary is hugely lagging behind Western Europe, which can also be observed in the supporting systems: Hungarian professionals mostly know only of their own market, and private funding and sponsorship does not exist here, making the industry less competitive. Additionally, a large obstacle holding us back is the lack of a cultural VAT, an aspect in which even less-developed countries (Romania, Serbia) are better. He referred to the research of Music Hungary and PwC (2020) that cost more than HUF10 million to show the additional revenue for the state even in medium term and was presented for relevant ministries, but did not achieve success. Lastly, he identified that comparing Hungary to the Scandinavians in an unfair matchup due to the latter's cultural, political, and social advantage and the extensive funding of exporting music from the 1970s and 1980s.

Turning to interviewee [2], the success of Azariah was emphasized, setting the bar higher for Hungarian musicians abroad. The musician could not expand further in Hungary, after giving three consecutive concerts (“tripling”) in Puskás Aréna, Hungary's largest arena of such, the management started looking abroad. However, for other bands having success domestically, it

is challenging to move and start playing abroad for less money and people and with more hassle. A further issue stemmed from COVID-19 and the Ukraine-Russia war, disincentivizing bands to start endeavours abroad, eventually also leading to a fall-off for Cloud9+. This aligns with the view of interviewee [1] that the strengthening of local content (music and programmes) is a global trend, resulting in difficulties to succeed abroad in a world dominated by Anglo-Saxon music.

Interviewee [3] summarizes the overall stance of experts well: in terms of popular music, Hungary is not competitive. The industry operates in a healthy framework, where friendly envy is more common (e.g. like with tripling), than hard-fought competition. The market is small, thus there is a large overlap between musicians' listeners: who follows Krúbi probably also listens to Dzsúdló, the same with Kowalsky Meg a Vega and Follow the Flow. Naturally, there are frictions in concerts and competition for profitability, but the industry rather battles with substitutes like movies, restaurants, and other forms of entertainment.

Challenges and opportunities – Question 3.3

The experts identified several recurring challenges. Interviewee [1] emphasized the significance of Music Hungary reports, which address many issues in the Hungarian music market, as also noted in the literature review. One highlighted problem is the 35% quota for Hungarian music on domestic radio, often met by DJs mixing international songs, a practice that has faced no regulatory action. Additionally, current Hungarian musicians generate limited royalties from abroad, with most income coming from classical composers like Kodály or iconic songs such as *Gyöngyhajú lány*. Furthermore, Hungary's decision to exit Eurovision, while not decisive, eliminates a valuable platform for international exposure. Interviewee [3] sees language as the biggest problem. Hungarians produce music in Hungarian to succeed on the domestic market, but that almost never works in foreign industries, except for extremely niche genres, or folk music. Global audience is used to hearing Spanish, but Hunglish rap is not widespread. Also, musicians should ideally publish an album once a year to stay relevant, which can be demanding. Furthermore, algorithmic music has a serious impact on the market: "it dumps pieces of music that are not of high quality on playlists with many listeners, which dilutes genres harmfully". Interviewee [2] claims that the lack of professionals in this field in Hungary pose the hardest challenge. This results in fewer bands starting out abroad, as producing something with a trap base gets them noticed quicker, like the role English held 5-10 years ago. However, nowadays few musicians stand out and serve as a motivation or catalyst for upcomers. Interviewee [4] connects to this by implying the intention of Hungarian experts not to move

towards North America, but towards the Baltic and Balkan. Interviewee [5] supports this: as the Hungarian market is small, it is hard to skyrocket from it. “We do not have a great reputation, e.g. in Germany, they rather choose a Czech artist, when given the option of an equal Hungarian and Czech musician”. The language barrier was highlighted with the example of Pogány Induló, a musician whose work relies heavily on untranslatable language.

Although, language has become less significant during the last 10-15 years, leaving room for opportunities such as out of the ordinary productions to spread, like K-pop showed the world. Singing in original language can be an advantage, additionally, instrumental music increases market share thanks to its effect of evening out opportunities, as seen with Jazzbois. Using the culture of Eastern Europeans is another option, which is unique in the West-dominated music industry. Again, the opportunity is there for everyone: “be interesting, sell tickets”. This is supported by Interviewee [2], who sees concerts as one of the highest potential growth areas in Hungary. Newcomers can progress quickly in a short period of time, which puts spotlight on concerts serving as a show, where productions compete and improve each other. Nowadays, there is a lot more invested in Budapest Part concerts (visuals, experience) for instance, than five years ago. This can be the sign of trend which is mentioned by [4]: “it is worth adapting good precedents from Nordic or Western countries, though a substantial part of the music industry is behind the scenes and unknown to the average listener”.

The influence of the language is a matter of genre, such as it is a pro for authentic music in Hungarian [5]. Considering others, trap music is being on the rise everywhere in recent years [2], to which the use of TikTok also contributed. This is new to Hungary, as it has been rare to grow this way, but it provides fabulous opportunity for the youth, especially in countries with larger populations. On the international scene, however, musicians are not as much on the radar even though many people listen to them, which can be an advantage for some (like Jazzbois was in the past) – Interviewee [3]. Abroad, concerts for an audience of 300-500 can be held more easily, while in Hungary there are five thousand people at a concert of an established musician. Interviewee [1] mentions utility music as growing and profitable segment, and the small bits of success in metal music or notable celebrated musicians like Edvin Marton, Havasi Balázs or Péter Bence.

Strategies and approaches – Question 3.4

In the answer of this question, the part the experts play in the music industry came more into picture. Export management office manager Interviewee [2] lists three things required for

international success: (managerial) professional knowledge, in which Hungary is at least 20 years behind leading Western market with obvious shortcoming in renowned, famous producers. Part of this is language, the pronunciation of which many Hungarians struggle with. Secondly, the hard work necessary to overcome this lag is not a common Hungarian virtue, and lastly, financial support as well as overall purchasing power and therefore entertainment options are better in the Western industries, making this third component impossible to make up for, leaving the first two up to the musicians. Interviewee [4] exceeds this by stating that Hungary is 30-40 years behind Western societies in the awareness for cultural consumption habits and increasing spending on music. He highlights the unsuccessful endeavours to introduce a cultural VAT in the country.

From the point of Artisjus [1], there are no specific strategies to increase international competitiveness. Although for foreign right managers, like Swedish and English, international music revenues may take up 20-25%, a substantial amount, this is not the case in Hungary. He sees his organization as a constant, having the task to build support models, but leaving international competitiveness to business players, such as management offices and record labels. In the last 2-3 years, musicians started making growingly higher income from online sources, as opposed to the concert-heavy revenue distribution of artists from a decade ago. Now, singing half English and half in one's own has become a trend, leading to the path for Hungarian record labels to firstly build a strong domestic fanbase for a reliable revenue source and later test foreign waters.

The role of labels emerges in Interviewee [3]'s thoughts as well: he believes that a strong publisher support is needed. As surfaced previously, there are no competition in this regard in Hungary, limiting growth and improvement in making music more accessible, across borders as well. Since there is no label for music distribution, people must find a partner, like WMMD in Hungary. (WMMusicDistribution, established in 2008, specializes in digital music distribution. The company has grown to partner with over 1500 rights owners and distributes to more than 200 music services globally. With extensive experience and a strong international network, it provides world-class services to artists and is committed to promoting Hungarian music, while being a member of key industry organizations and conferences – WMMD, 2023). Building up these distributors from bottom-up are key to advance musicians, pitch their music, communicate with various platforms. Believe Digital was underlined as a trustworthy label, and the need for a label to support good music and provide capital was acknowledged. Education and training need improvement as well according to [3]: the approach is too traditional, jazz

departments are developing and electronic music teaching is great in Pécs, but more is necessary. Funding raises further questions: investing in unknown artists are obscure for business, showing the need for state funding, scholarships, or other tenders to promote the possibility of an international career. This starts from the fact that Eastern European collaboration is barely existent, highlights Interviewee [5]. In the region, artist and audiences do not know each other's music, which are aggravated by governmental influence like struggles with Erasmus tenders and the harmful effects of the quality of music broadcasts on public television. Music education for the masses is claimed to be in a bad state, one that is not worthy of the country of Bartók and Kodály. Dénes sees that those who do not bring (classical) musical culture from their home have a much smaller chance of being educated about this, noting that he also liked to have begun his career earlier. Again, jazz, and classical music training are too conventional based on his and the musicians' opinion he represents, especially in being open to new tastes and attitude, despite excelling at technical education.

V.2.3. Supporting the industry

Organizations – Question 3.1

In this question, the aim was to identify the most prominent players of the industry, from the different actors' perspective. Interviewee [1] highlighted HOTS as the first organization to highly contribute to the Hungarian music industry, belonging to the National Cultural Fund (Nemzeti Kulturális Alap – NKA). Despite not being fully developed, they have decent aspirations. The NKA provides useful grants that aid the early stages of a starting pop music band, who usually have trouble taking risk and investing largely due to the uncertainties of an artist's career compared to a "traditional" one. Interviewee [3] is grateful to HOTS as they helped him extensively during a festival in Hamburg with Jazzbois financially (from recording to mixing to stepping to foreign markets), so bands are not totally in the red in such events. Interviewee [4] highlighted NKA's Hangfoglaló program as being important for distributing funds to aid video clips, recordings, concerts, and clubs on the countryside that are in a bad shape, though the efficiency of distribution was questioned. HOTS, a state-affiliated organization with internationally informed professionals (Kedves Péter, Petneházy Flóra) were also mentioned, whose challenge is to decide which productions are worth trying out abroad. Interviewee [5] emphasized NKA and its appreciated tenders for popular and beginning music, reviewed by great criteria, however, he noted that the few hundred thousand forints granted for clips, recordings and music only serve as a supplement. He underscored the vital role HOTS plays as a music export agency as part of Hangfoglaló, where the sluggishness of bureaucracy

poses challenges. Surrounding countries have already adopted digital signature, while in Hungary, a long contract must be signed page by page after printing it and then scanning it back: he remarks that it is the system's inadaptability to change. Hangfoglaló is somewhat artificial in interfering with the market, which is not a disadvantage in Hungary, as it gives up-and-coming bands a chance, despite the ineffectiveness and sluggishness of the state in Eastern Europe making such organizations' healthy functioning impossible.

Mahasz was described by [1] as a small office strictly responsible for providing royalties to recording rights holders. Interviewee [3] noted the beneficial adaptations that help the work of performers, despite not having connection with them due to the office limited to Hungary only. He believes there is a negativity towards service providers like Mahasz because of their royalty collection, but that is for the good of the industry. He underlines his confidence in Artisjus, having developed substantially in recent years, as he has just started to work with the entity that help him move large catalogues, mostly from the US (from publishers like BMI used for his own music). Interviewee [2] also underscored the role of Artisjus as an organization responsible for educational activities, so did interviewee [4] due to authors and performers often being the same person nowadays, increasing need for education and clean royalty collection. [4] agrees on the smaller role of Mahasz as the advocacy organization of publisher. [5] mentions that Artisjus and EJI are professional associations that collect royalties for musicians both domestically and internationally. While their operations are generally effective and include educational initiatives for young authors by Artisjus, there is always room for improvement, despite no major issues being currently evident. Overall, [2]'s statement seems accurate: he sees that with recent, accelerating changes in the sector, the role of classic actors such as Artisjus is less significant, as they provide the basis by doing their own thing.

Interviewee [2] portrayed the disappointingly unsuccessful Music Hungary in striving to create dialogue between the music industry and politics, also highlighted by Interviewee [5]. ProArt reports and Music Managers' Association are listed among contributors to professional development by [4], latter creating models, making educational efforts, and safeguarding interests. Budapest Showcase Hub was deemed crucial for providing platform to boost discussion and inviting foreign bands to perform. Apart from these, actors from the management side are mentioned by [3]: independent publishers like Buda Beats (Pentelényi Pál), organizing the Label Fare and connecting the culture. Interviewee [4] adds to this list: WMMD is gaining market share, taking on publishing roles and deeply supporting artists as an aggregator firm. Believe Digital is significant in Hungarian digital music distribution, while

Magneoton manages Warner Music's catalogue in the country. Gold records and Sold Out Management (Krúbi, Belga) are also identified, besides festival and concert venue providers: Weekend Event (including Sopron and Strand festival), EFOTT, BME Napok, the growing Campus festival, who all provide job opportunities and invite foreigners.

The interviewee's own activities – organizations, other workplaces, etc. Questions 2.2, 2.3, 2.4

Interviewee [1] from Artisjus viewed their role as the following: Artisjus actively supports the Hungarian music industry by serving as a non-commercial liaison between songwriters and music users, focusing on the protection of copyrights and community building among Hungarian authors (2.1). The organization provides extensive educational and developmental support, including hosting songwriting expos, workshops, master classes, mentoring sessions, and a songwriting camp that emphasizes co-creation and cross-border collaborations. Furthermore (2.4), they organize Songwriters' Day on October 8, creating campaigns that aim to raise public awareness of the authors' work.

Financially, Artisjus and the Performers' Rights Management Office (EJI) are deducted 10% from the royalties of music rights management companies and 25% from the royalties of blank carrier fees to create social and cultural funds (2.2). These funds support various initiatives such as the Artisjus Music Foundation, which offers Pension Supplementary and Means-based Social Grants, and the National Cultural Fund (NKA), which funds the Creators' and Project Grants and the Hangfoglaló Programme. Additionally, Artisjus is required by law to hand over 90% of unidentified royalties to the NKA after three years if they remain unclaimed.

Artisjus also contributes to the broader music industry through annual music industry reports (ProArt) and by supporting the operation of Music Hungary (2.3). This association helps unify various players, although Interviewee [1] notes that more lobbying could enhance its effectiveness. Political decision-making and legislation processes in Hungary are described as less supportive of lobbying compared to other European countries, with a tendency towards individual rather than collective lobbying efforts.

Interviewee [2] description about HOTS's contribution: HOTS supports the Hungarian music industry by facilitating international development opportunities for artists, such as touring, promotion, and collaboration with foreign professionals (2.2). These initiatives are managed through the Hangfoglaló Program and include grants for participating in foreign concerts and professional conferences abroad (latter costing up to HUF 300,000). However, the effectiveness

of these grants can be limited by how efficiently they are used: for one larger event, or many smaller ones supplemented with own resources.

While HOTS offers assistance and opportunities, Interviewee [2] notes that achieving success abroad takes significant time, energy, and investment, which many times bands fail to acknowledge (2.3). Grants from NKA are helpful but could be utilized more effectively with proper education on how basic things in the industry work, like royalties, promotion, and gigs, before they contract a manager. Still, he emphasizes the importance of having a knowledgeable manager to guide musicians, especially in their initial stages for strategic promotions for best results. The current aid (around HUF1 million annually), while helpful, is seen as insufficient when compared to more established offices like those in Norway or the Netherlands.

Interviewee [3]'s view on Blunt Shelter Record's position: Blunt Shelter Records supports the Hungarian music industry through a comprehensive approach, relying on their distribution partner to pitch musicians and focusing on PR to promote their artists internationally on platforms like Okay Player and by producing quality videos and artwork for large publications (2.2). While they don't deal with direct artist management, they are navigating the challenges of US tax law changes by potentially relocating publishing domestically, which could also open new partnership opportunities. Interviewee [3] claims to move forward by developing revenue streams by sending music to be used in video games and series, exploring vinyl production with international distribution to lower costs, and planning to update their website due the outdatedness and the current operator being American, which needs changing.

Blunt Shelter Records plays a significant role in connecting the Hungarian music market, particularly for exceptional musicians lacking management skills in genres like jazz (2.3). They aim to elevate the publisher's role and have already seen growth beyond expectations. For example, they collaborate with Jazzbois, where Dénes Pécsi-Szabó handles the majority of tasks, and Blunt Shelter Records supports with publication-related processes such as collaboration planning, distribution, digital revenue management, and increasing reach.

Interviewee [4] positioning Supermanagement: Supermanagement supports the Hungarian music industry by offering comprehensive 360-degree management services, taking on various responsibilities to allow artists to focus fully on the creative process. They handle the release and distribution of songs, arrange marketing collaborations, and even manage concert organization details, including assembling crews and bands. In terms of live performances, Supermanagement contributes to the industry by providing work for over 10 crew members

who travel with musicians, as well as hiring contractors for lighting and sound technology to ensure high-quality productions. Annually, they provide employment for approximately 60-100 people (2.2). Supermanagement also actively seeks new partnerships within their network or reaches out to trending artists to offer their services, expanding their roster and supporting the growth of Hungarian musicians (2.3).

Interviewee [5]'s view of Up Music Budapest's role: Up Music Budapest operates on the periphery of the mainstream, supporting bands and musicians who represent significant cultural value (2.2). They focus on nurturing these talents both in Hungary and internationally, operating primarily within the underground music scene, not aiming for high-profile Papp László Sportaréna concerts or mass recognition. As the sole employee of the company, Interviewee [5] collaborates with many but does not require a permanent staff. He acknowledges that genre boundaries have diminished in importance, choosing not to strictly categorize music, which might be off-putting to some like with jazz. Up Music Budapest is well-regarded in the live music scene, securing performances for acts with a variety of music styles on major stages such as Sziget Festival's Freedom Stage and venues like Aquarium, A38 Ship, and MÜPA Budapest (2.3). The company has had notable success, such as managing Zóra, who is classified as pop and sold more than 1000 tickets for concerts in Budapest venues, indicating a significant impact and effective support of their artists.

Major and independent labels – Question 2.5

Expert opinions coincide in the exit of major labels from the Hungarian market. Today, only Warner Music Group is present who licence Magneoton. Nowadays, however, it is not too important whether a label is major or not, because producing from home is easier compared to 10-20 years ago. Artists in Hungary did not like working with majors on a distribution level, and aimed at keeping their independence and avoiding higher fees. Interviewee [3], working with a more niche label, described this in detail in *Question 2.1*.

Over the past 10 years, majors' turnover in Hungary was mostly made up of western artists promoted in the country. Thus, they are still helpful (e.g. in Estonia) in creating international collaborations and boosting artists' career, after all, their musicians own 90% of Spotify playlist internationally. Some majors are searching for talented musicians producing music later presented as American music from their bedroom, which is not the pinnacle of art.

Domestically, artists were able to make up for the hole left by majors: independent labels like Supermanagement were founded, their services cover more areas. WMMD absorbed some

smaller players, some artists set up their own management firms. Now, the large question remains: who should firms invest in this small market with a low number of listeners who have even fewer people speaking their language abroad? This is one of the challenges of such firms, as they prefer being involved in an artist's career from scratch.

In Hungary's music scene, competition is more about niche markets than direct rivalry, with independent labels serving various unique partners, often linked to municipalities and other government-owned non-profit organizations. Independent labels bridge artists and their business endeavours, especially in digital earnings, where artists themselves vie for listeners. More established independent artists weigh multiple collaboration offers, seeking the best fit. This dynamic is reflected in how artists like Krúbi engage with labels like Universal, with publishers actively seeking to manage emerging talents.

V.2.4. International Career for Hungarian Musicians

Current state – Interviewee [2] from Question 2.1

The music landscape has shifted significantly post-Covid, with a new generation of artists like Pogány Induló, Beton Hofi, and Azariah rapidly reaching crowds over 1000, leading to a rise in Papp László Sportaréna (Aréna) concerts. This shift has resulted in people willing to spend more on such events, consequently squeezing the "middle field" out, where more veteran musicians of 10-15 years of experience are finding fewer opportunities.

From a band standpoint, the situation is challenging with the decline in musical journalism, that is still crucial for a band's progression. While classic online music media had substantial influence in the past, platforms like TikTok have changed the game, making it easier for artists to gain attention, though there's a need for more such platforms. "Older" bands face a peculiar challenge as their aging audience isn't as engaged on newer platforms, leaving them to options of traditional media such as radio, Facebook, and TV shows. Paid advertising has become crucial to distinguish one's brand from the overwhelming competition.

Radios, which played a crucial role in artists' promotion a decade ago now have a diminished impact, and there is a desire for a higher quality spectrum of media. On the educational front, however, there is notable progress with new training programs and professionals entering the field, marking an improvement from 10-15 years ago.

Requirements for an international career – Question 2.4

Interviewee [2] emphasizes the importance of a "basic starter package" which includes essential promotional materials like high-quality photos, promotional images, a bio in English, and professional video clips besides good brand and music. The expert also highlights the necessity of strategic vision and effective management of finances, ideally reinvesting earnings. He points out the differences in market success to be of language and growth potential between artists who focus on the local Hungarian market versus those aiming for international careers.

Interviewee [3] stresses the importance of streaming platforms as a significant aid in promoting music internationally. He focuses on cultural growth and reinvestment of streaming revenues of his music into further promotional activities, rather than merely generating income with the record label. His approach underscores the necessity for artists to be proactive and self-promoting alongside a valuable booking manager and aggregator to later achieve a 360-degree, unique coverage. He notes that genres nowadays quickly become saturated in the accelerating world, and that despite the need to be highly successful in Hungary to achieve meaningful revenues, going international takes a leap of faith. Artists must push themselves and take opportunities step-by-step as well as have some luck when going abroad.

Interviewee [4] discusses the importance of resilience and strategic planning, using geographic segmentation based on streaming data to plan tours and enhance market entry strategies. Aggregators like WMMD can facilitate this through uploading, tracking and monetization, while working on a revenue-proportional basis from 80%-20% to 20%-80%. They add pieces to online catalogues to feature them in Spotify or Apple, the previous having appr. 80% of streams. He notes that accomplishments regarded as success in Hungary remain shy of global ones, like having stable 200 listeners abroad with Jazzbois or Belau. He recommends building networks through collaborations with foreign bands to ease market entry, advocating for a highly strategic and data-driven approach.

Interviewee [5] points out the cultural challenges and the importance of diverse experiences for musicians aiming to break into international markets. He argues that exposure to a variety of cultures enhances an artist's appeal and adaptability, which are crucial for standing out in a global, algorithm-driven market like Spotify. Thus, Hungary is described by him as homogeneous, oppressing creativity and living in the past, and as precedents indicate, all internationally successful musicians follow a formula of tasting cultures and always improving.

Comparatively, all interviewees acknowledge the critical role of high-quality promotional materials and strategic planning. Expert [2] and [4] emphasize the structured approach of using

data and a robust managerial presence to guide career trajectories (management side). In contrast, Blunt Shelter Records and Up Music Budapest highlight the importance of cultural adaptiveness and growth through streaming and direct audience engagement (cultural side).

Hungarian superstar? – Question 3.6

Interviewee [2] expressed scepticism about the emergence of a Hungarian world star, particularly in pop music due to its competitive nature globally. However, the expert noted that genres like metal, jazz, or electronic music present better opportunities, especially if the music is more abstract. Success stories like Jazzbois and Belau demonstrate significant achievements but fall short of major international breakthroughs except for appearance in every nation's Petőfi radio in Europe. Azariah is believed to have a shot.

Interviewee [3] believes as well that becoming a global superstar is unlikely and emphasize realistic expectations such as reaching niche audiences, organizing smaller events, or living off of streaming. They highlight the logistical and financial challenges of international tours and the importance of strategic planning early in an artist's career to align with suitable partners for international expansion. Without the presence of majors, it is even more unlikely.

Interviewee [4] also highlighted the niche opportunities within world music segments like contemporary jazz and classical, where different market dynamics apply. He contrasts the Hungarian music scene with countries like Sweden and Finland, noting significant disparities in music education, professional opportunities, language knowledge and infrastructure which contribute to the broader success in these countries.

Interviewee [5] pointed to Azariah as an example of a Hungarian artist who has come close to international recognition. He attributes his success to his songwriting skills and unique personality but also recognizes the limitations within the Hungarian music scene, such as educational deficits and cultural barriers preventing wider acceptance of more complex and refined music styles.

V.2.5. Comparing Hungary to its region – Question 3.5

Interviewee [1] highlights the closed nature of music industries in Central and Eastern Europe, including Hungary. Their attempts to foster regional collaboration through the Songwriter Camps and expos have faced challenges due to mutual unfamiliarity with neighbouring countries' music markets. This lack of cross-regional understanding impedes collaborative efforts thus they only invite one foreign speaker at a time. Interviewee [2] notes the limited

opportunities and support in the region but points to global trends such as the appearance of modern media and genres like trap music that prevalent in Hungary and its neighbours. Interviewee [3] discusses the export potential of genres like electronic and instrumental music from Hungary, which is similar across the CEE. He notes the region-wide shift towards genres that are less dependent on language barriers and vocals. In more developed industries, vocals come into the picture and hip-hop has pushed alternative live music back, and trap music has also seen an upsurge everywhere. Interestingly, interviewee [4] expresses a view that Hungary, while like its neighbours, lags in aligning with current global trends and in the professional and financial capacities needed for international success. The geographical and market size limitations of Hungary are noted, affecting streaming revenue and extra resources required for success. Interviewee [5] compares Hungary's small market size with that of other CEE countries like Estonia, Poland, Romania, and the Czech Republic, noting that while some of these countries have more developed industries, they face similar challenges in terms of market saturation and export potential. The attitude towards international expansion and the support from export offices are more developed in some neighbouring countries (Czechia), providing them with a competitive edge.

V.2.6. Future lookout, plans, strategies

Question 4.1

The analysis of the upcoming trends and challenges in the Hungarian music industry were underlined in this section.

Interviewee [1] highlights the evolving landscape of rights management, where traditional models are being disrupted by IT advancements and independent rights managers. Therefore, the need for more IT developments and international standardization in royalty management is a current trend, complemented by the closer relations with Hungarian composers. Interviewee [2] notes the rapid change in global trends and the small entry threshold leading to market noise and shorter cycles. Independent artists gaining prominence due to technological advancements, while traditional labels play a diminishing role. Interviewee [3] remarks the integration of various music styles into pop like contemporary fusional hip-hop and jazz, the rise of AI, which he doubts will take the job of musicians, rather that of editors of Streaming platforms. A significant transformation in the music industry can be observed, influenced by global events making people look more inwards. Interviewee [4] finds financial risks associated with high venue costs and the competitive pressure of new artists entering the market challenging, while

noting the overlap of audiences. This can be an issue as consumers attend less concerts thanks to the struggling economy. He identifies a visible shift towards higher performance standards, Aréna concerts' popularity and professional employment in the music industry. Interviewee [5] highlights the small size of the Hungarian market limiting growth and development and the potential of a stronger export focus to tap into larger international markets and generate revenue.

Question 4.2

Artisjus's strategy is to focus on themselves by improving operational efficiency and IT enhancements to better manage music rights amidst changing global standards. HOTS encourage new bands to learn (from past mistakes), promote musicians with great quality music with humility and collaboration with and training of experienced professionals to enhance the chances of international success. Blunt Shelter Records's strategy includes selecting partners and distributors wisely to navigate international challenges While Hungary is in a great location musically with intersections of the West, conditions (like the Balkan classification of the nation) are less advantageous, which matters in international priority but not in genres like instrumental hip-hop Supermanagement's recommends leveraging Hungary's strength in jazz and classical music on the global stage and finding smaller, accessible markets (Balkans, Baltic) that offer the best opportunities for Hungarian pop music where they can advance from. Up Music Budapest concentrates on educating and promoting the Hungarian music scene, with plans to expand into recording, publishing, and distribution as a label

Question 4.3

Regarding the future of the Hungarian music industry, Interviewee [1] sees a critical need for Hungarian management offices to enhance their understanding and administration of royalties. They have begun assisting these entities to transition into music publishers, which not only improves royalty management but also supports artists more effectively, latter being motivated by a rise in live music. This approach aims to foster an entrepreneurial layer capable of achieving success both domestically and internationally.

Interviewee [3] reflects on the unexpected changes due to the closure of key creative venues during Covid, such as the Dürer Kert. He expresses concern over the hasty and sometimes superficial trends spread by platforms like TikTok, which may compromise music quality. The expert emphasizes the importance of artists remaining true to their creative paths and balancing commercial pressures with authentic musical expression.

Interviewee [4] does not foresee significant changes in the Hungarian music industry structure but notes the steady growth in streaming revenues. This financial step-up enables artists to live better and reinvest in their careers. As more of a mainstream independent label, he observes that the festival scene is saturated, with frequent overlaps in line-ups and locations, which challenges the sustainability of older bands whose audiences are aging and may not attract younger crowds.

Interviewee [5] acknowledges the challenges in rapidly vocal music education and musical culture, where only long-term improvement is foreseeable. However, he is optimistic about the global acceleration impacting the Hungarian music scene positively, despite the unique position of Eastern European markets where the state has a more pronounced role compared to Western markets.

V.3. International Competitiveness – Secondary Data Collection

For comparing the largest musicians in the global music scene, IFPI's Global Subscription Streams Equivalents (GSSE) were considered. "The IFPI Global Digital chart presents the world's best-selling single of the year across all digital formats – including single track downloads, and streams on both paid subscription services and ad-supported platforms" (IFPI Global Charts – IFPI, 2024). Below, the ranking of the Top 10 global singles are listed with the name and origin of the artist performing it and the GSSE for 2023 in *Table 3*.

Table 3: Global Top 10 Single Chart 2023

Artist	Song	GSSE (billions)	Country of Origin
Miley Cyrus	Flowers	2.70	USA
Rema, Selena Gomez	Calm Down	1.89	Nigeria, USA
SZA	Kill Bill	1.84	USA
The Weeknd, Ariana Grande	Die For You	1.78	Canada, USA
Harry Styles	As It Was	1.46	UK
Yng Lvcas, Peso Pluma	La Bebe	1.45	Mexiko, Mexiko
Taylor Swift	Cruel Summer	1.39	USA
Morgan Wallen	Last Night	1.37	USA
Taylor Swift	Anti-Hero	1.31	USA
Jung Kook	Seven (feat. Latto)	1.24	South Korea

Source: IFPI Global Charts – IFPI, 2024, Own Development

While the number is a significant achievement for the artists, it offers limited insight into a song's overall success. Single listenership indicates success to a degree but doesn't account for the complexity of artists' revenue streams. Payments depend on their roles as rightsholders or songwriters, with royalties distributed through record labels, distributors, publishers, or

collecting societies (Royalties - Spotify, 2024). Deductions for management, label, or distributor fees further complicate earnings, and additional revenues from copyright management organizations like Artisjus or concert performances are not included in these calculations. Experts highlight that these singles are primarily created for revenue generation rather than artistic value or music education. They often cover limited genres. Tófalvy et al. (2023) analysed global singles on Spotify and YouTube charts, categorizing them into multiple genres where applicable. Globally, pop usually accounts for around three-fourth of Spotify and YouTube top listed songs, while hip hop taking the second place (46% and 35% respectively), trap being the third with around one-fourth of the most regularly appeared genre.

Notably, in eight out of the ten top singles from 2023, an American artist was registered, with four having an American as the only musician performing. Besides, one Canadian, one Nigerian, one European (UK), two Mexican and one South Korean artist made it in the top 10, with the first single having almost 2,2 times more plays compared to the tenth.

Table 4: Global Top 10 Single Chart 2022

Artist	Song	GSSE (billions)	Country of Origin
Harry Styles	As it Was	2.28	UK
Glass Animals	Heat Waves	1.75	UK
The Kid LAROI and Justin Bieber	STAY	1.74	Australia, Canada
Elton John and Dua Lipa	Cold Heart (PNAU Remix)	1.34	UK, UK (Kosovar-Albanian)
The Weeknd	Save Your Tears	1.32	Canada
Imagine Dragons & JID	Enemy	1.26	USA, Usa
Ed Sheeran	Shivers	1.23	UK
GAYLE	abcdefu	1.22	USA
Bad Bunny & Chencho Corleone	Me Porto Bonito	1.21	Puerto Rico, Puerto Rico
Ed Sheeran	Bad Habits	1.20	UK

Source: IFPI Global Charts – IFPI, 2023, Own Development

In 2022, the representation of nations via the country of origin of the artists changes quite a bit, represented in *Table 4*.

In total, three Americans were listed with two singles in the top 10, while six British artists were registered with five singles purely British-performed. Interestingly, Justin Bieber joined the Weeknd to represent Canada with two artists, and Puerto Rico increased the number of North-Americans in the list. No African and Asian artists got into the top 10 this year, and the difference between first and tenth barely exceeded one billion.

Table 5: Global Top 10 Single Chart 2021

Artist	Song	GSSE (billions)	Country of Origin
The Weeknd	Save Your Tears	2.15	Canada
The Kid LAROI and Justin Bieber	STAY	2.07	Australia, Canada
Dua Lipa	Levitating	1.88	UK (Kosovar-Albanian)
BTS	Butter	1.76	South Korea
Olivia Rodrigo	drivers license	1.73	USA
Justin Bieber (ft. Daniel Caesar, Giveon)	Peaches	1.72	Canada, Canada, USA
The Weeknd	Blinding Lights	1.61	Canada
Olivia Rodrigo	good 4 u	1.61	USA
Lil Nas X	MONTERO (Call Me By Your Name)	1.60	USA
Ed Sheeran	Bad Habits	1.57	UK

Source: IFPI Global Charts – IFPI, 2022, Oen Development

In 2021, depicted in *Table 5*, the artists represented a more diversified presence of nations. Four artists were from the USA, two from the UK, but Canada had the edge this year with five artists. An Australian and a South Korean also made it in the top 10. The difference in listenership between first and tenth on the list is a bit shy of “only” 700 million.

Comparatively, the most played Hungarian-made single (Nateki, Playammané: Midnight), as of 2023 June, has a listenership of around 251 million since its release (in 2022). The most played (measurable) Hungarian song of all-time is Belehalok by Majka, Curtis and BLR with around 80 million plays as of 2023 June (Tófalvy et al., 2023). For further linkage, on Spotify, the most streamed Hungarian, Nateki has 291 million streams as of April 2024 (Nateki – Spotify Top Songs, 2024), the most streamed European, Ed Sheeran has nearly 51 billion streams (Ed Sheeran - Spotify Top Songs, 2024), while Drake, the most streamed artist ever has over 97 billion streams on Spotify (Drake - Spotify Top Songs, 2024).

Over the past three years, at least three American artists consistently appeared in the top 10, highlighting the USA's global dominance in music and underscoring interviewees' points about Hungary's non-competition with the U.S. The UK ranked second, showcasing its developed music industry as a model for Europe. Canada followed third, with occasional representation from Australia or other Americas nations. South Korea periodically represented Asia, while Africa appeared rarely, including in 2023. From a language point of view, Spanish influence was evident in some compositions, alongside unique cultural contributions from Asian artists.

VI. Results

VI.1. Comparison of Primary and Secondary Results

Overall, the following can be derived from the extensive analysis of the Hungarian music industry, compared with the results from the expert interview analyses and secondary data collection on Global Top 10 singles in the last three years.

Government support and funding

Government support and funding was found to be primarily provided through the National Cultural Fund and its establishments. The NKA supports the industry substantially in mainly financial aspects: aiding classical music, building infrastructure, creating the music export office, educating players, helping promotion and content creation, contributing positively to the industry's factor endowments. The Hungarian Music Council was identified as playing a vital role in representing the music sector's interests to the governing organisations, suggesting a structured approach to nurturing human and knowledge resources within the industry.

By analysing the expert interviews, primary data confirms the significance of the NKA, however, consensus can be observed on the complementary role of the funding provided by the institution and the inefficient distribution with underdeveloped systems for contracting. The interviewees underscored the indispensable need for the involvement of the musicians' own resources and later labels' or distributors' involvement, to allow musicians to succeed both nationally and especially internationally. The role of HOTS was highlighted as being a significant actor in aiding various players of the industry professionally and financially, as an office partly responsible for educating musicians to better allocate received fundings. Notably, the scarcity of private funding was mentioned as a barrier for the development of the industry.

Industry Dynamics

Secondary data highlighted that the pandemic significantly impacted the sector, disrupting revenue generation and the live music industry. These challenges were further exacerbated by soaring inflation, rising costs, and the inability to increase prices, compounded by restrictive KATA regulations and a high tax rate.

The pandemic's impact was less emphasized in interviews, but more focused on firm strategy and competition. Even though majors are still promoting mainstream musicians in Hungary, the exit of most of them has not affected the industry too much. Interviews revealed that, despite the exit of major labels, independent labels adapted by expanding services, fostering

collaboration, and leveraging technological advancements for home production. Established artists maintained leverage to secure better deals.

Further actors supporting the music industry were highlighted by secondary data, including collective rights management associations, Artisjus and Mahasz. They were underscored as long-standing, essential players, providing reliable services. Moreover, Music Hungary was discussed in more detail in their efforts to make a platform for professional based discussion with the state in VAT, the share of Hungarian music across major platforms and the importance of background music.

Summarized, almost all interviews mentioned HOTS as one of the most important players in increasing competitiveness, enhancing the global visibility of Hungarian music, and educating artists about establishing presence abroad. Artisjus and Mahasz were described as key players in copyright management, but smaller, more of supporting and stability ensuring actors in the whole music industry. The Hangfoglaló program was underscored for its aid in various music-related activities including video production, recording, or bolstering music venues. WMMD, that specializes in digital music distribution, was marked as an upcoming player by facilitating access to international platforms, thus promoting global distribution. Believe Digital is another player involved in digital distribution, while Magneoton licenses Warner Music's catalogue in Hungary. Moreover, independent firms were mentioned among Buda Beats, Supermanagement (the market leading independent label in Hungary), Up Music Budapest (focusing on the promotion of peculiar artists abroad), Gold Records and Sold Out Management, besides events and festivals boosting the music industry and providing job opportunities. Lastly, the work of Music Hungary and ProArt were highlighted as contributors.

Digital Transformation and Market Demand

In evaluating the state of market demand, the relatively small domestic market of Hungary is hard to look over. Noticeably, the difference in the share of streaming and performing rights revenue of the overall industry between global and European, and Hungarian is quite large. While the world and the EU have 67% and 63% of their respective markets made up of streaming revenue, Hungary only has around one fourth. Besides, 9.7% of the global, and 19.2% of the European industry consist of performing right revenues, whilst it takes up 67,6% of the Hungarian sector. This reflects the constraints of a small market, where streaming revenues remain limited due to the restrictions imposed by population size and overall market capacity.

Secondary data revealed that despite the overall weakening effect of radio music and a growing share of streaming, previous remained the number one music source in Hungary. This indicated that digital platforms outpace traditional media and the advantages for the youth in adopting these changes more rapidly. Concert attendance and organisation is slowly recovering after the effects of pandemic, latter still not reaching pre-Covid levels in 2022. Hungarians favour global hits on Spotify, while YouTube, the country's main platform, highlights music glocalization with pop and hip-hop dominating. Secondary data from 2020 suggests Hungary's music education is comparable to other European nations. However, Hungarian music has limited international reach.

Interviewees provided deeper insights into the influencing factors of market demand. Small market provides a definite cap on demand, while education was highlighted to be rather lacking to achieve properly cultured individuals. Popular music dominates in Hungary, limiting the growth of niche genres. Broader musical tastes, beyond familial influences, could expand peripheral genres. Digital platforms like TikTok and Spotify were identified as key for emerging artists. While musical journalism was deemed secondary, state-owned media faced criticism, and some radio stations exploited loose regulations. Lower living standards limit spending on cultural entertainment, and mild concerns were noted about AI's role in the industry.

Challenges and opportunities

Taxation challenges were both indicated in the Porter's Diamond and expert interview analyses. The Hungarian music industry suffers from high VAT without special incentives for cultural activity, which hinders growth and poses a comparative disadvantage within Europe, both in the nation's region and outside of it. Despite both timely and financially remarkable efforts of Music Hungary, lobbying power does not seem to be sufficient in order to achieve such changes, even though the benefits for the state even in the medium-term were proved.

Interviewees emphasized the language barrier, i.e. the Hungarian preference for mother-tongue songs limits international marketability. Additionally, withdrawal from the Eurovision restrict opportunities. The volume of music industry experts was noted to be lacking, even compared to neighbouring nations, to which Hungarian music due to the country's reputation is also less favoured. Algorithmic influence on music quality was mentioned, potentially diluting certain genres.

Regarding opportunities, the rise in popularity of non-English songs was noticed (K-pop), with potential benefits for Hungary as well. Instrumental and genre-specific music is trending, transcending language barriers. The live music industry is growing, with the spread of Budapest Park and Aréna concerts, while leveraging talent in niche markets is a viable opportunity for Hungarians.

International Presence

One of the main trends identified by secondary data was glocalization, even though Spanish and Korean being more globally accepted. Moreover, despite Nateki's, the most played Hungarian artist's impressive listenership, as well as the most streamed Hungarian song, "Belehalok", the limited international traction of Hungarian music was highlighted, backed by data. The dominance of Western artists from the USA, UK, and Canada was evident, alongside the uptrend of digital media influencing every musician's reach.

The experts from the primary data identified basic requirements for international success: essential promotion, financial management and utilization of streaming platforms. They underscored the significance of streaming data to segment and plan market entries, and building networks through partnerships to facilitate the process. Musicians must be culturally adaptive and exposed themselves to various tastes to succeed abroad to foster creativity. They must build up international presence step-by-step to overcome uncertainties.

Regional integration

Even though this was not covered by secondary data, expert interviews highlighted similarities with CEE countries like the adoption of modern media trends and upcoming genres (pop, hip hop, trap), the small market size of Estonia, Romania, Czech Republic, or even Poland, and the emphasis on export of non-lyrical (instrumental, electronic) music.

Distinctions, however, included rather closed music markets, with limited collaboration and familiarity of each other's music. Also, a clear lag in the structure and support of the music industry in Hungary was noted, with other export offices and other players enjoying more aid. Geographical barriers, affecting the volume of potential concerts and market capacity influence revenue and available resources for musicians.

Future prospects

Primary data explored the future of the Hungarian music industry. Technological advancements are expected to contribute to rights management evolution driven by IT and new standards,

while independent artists can enter the market easier than ever, diminishing the role of traditional actors. Moreover, the blending of music styles into the mainstream genres, complemented by AI might provide a turn in music creation.

Rising costs associated with venues, the struggling economy and small market size are expected to limit growth. However, emphasis is put on exporting music involving human and capital resources with the aim to leverage Hungary's identified strength. This will be supported by the enhanced role of management and publishing capabilities and possible long-term educational improvements.

VI.2. Answers to Research Question

1. What are the general characteristics of the music industry today (in 21st century) and how does Hungary fit into this?

In the 21st century, the global music industry is characterized by growth caused by digital transformation, rise in streaming with the prominence of streaming platforms and a declining role of traditional record labels. The advancement of independent artists, enabled by technological advancements, has reshaped dynamics, resulting in more accessible music production and consumption.

Hungary fits into this ever-evolving landscape with a unique position. Trends in the country's music industry like the integration of music styles and blending of genres reflect global ones, as does the impact of online media. However, it faces peculiar challenges including small market size, limited funding and language barriers that limit international expansion.

2. What drives the Hungarian music industry's competitiveness?

The competitiveness of the Hungarian music industry is driven by several factors, including the strategic use of IT for rights management, the presence of a dedicated export office (like Hungarian Oncoming Tunes or HOTS), and initiatives aimed at promoting Hungarian music internationally. Moreover, the focus on niche markets like jazz and classical music, where Hungary has historical strength, contributes to its competitive edge.

The Hungarian music industry's competitiveness is driven by the upcoming initiatives aimed at promoting Hungarian music internationally (like those of HOTS), with dedicated and honest experts like the interviewed professionals and their organizations, educating stakeholders and dedicating substantial resources to these activities. Moreover, the focus on niche markets like jazz, classical music, or trap, complemented by the increasingly strategical use of technological

developments and stable rights management actors contributes to the industry's competitive edge. Additionally, competitiveness is supported by factors such as the growth in digital revenue streams, strategic planning by music firms, and regional collaboration efforts, albeit with varying degrees of success due to systemic and bureaucratic challenges.

3. How is the Hungarian music industry positioned in the international market, especially in Europe?

In the European context, Hungary's music industry is somewhat lagging behind more developed Western European markets. The industry struggles with smaller scale operations and less visibility in mainstream international music scenes. However, there are concerted efforts to leverage Hungary's cultural heritage and unique music styles to carve out a distinct place in the international market, but a united support is lacking.

Hungary's international market positioning is bolstered by initiatives that promote Hungarian music through international festivals and collaborations. Yet, the overall impact remains limited by challenges like limited funding, the need for greater professional expertise, and more substantial government support to match the efforts seen in countries with robust music export strategies.

VII. Conclusions

VII.1.1. General Conclusions

Previous research of Haynes & Marshall (2017a) found that social media is better suited for keeping existing audiences engaged rather than attracting new followers, also claiming that the online music market became over-saturated. Besides, Guichardaz et al. (2019) found that “traditional gatekeepers remain vital” as sponsorship is indispensable for moving to the next level.

Global trends like the shift towards digital platforms and the independence of artists, underscoring the decreased role of traditional record labels and the rise of self-publishing as well as streaming platforms are confirmed by my research. However, based on expert interviews, social media mainly plays traction-and popularity gaining role in Hungarian independent artists’ career, contrasting Haynes & Marshall (2017a). Moreover, as most majors left Hungary, they only remained to promote mainstream musicians by accessing the market, as opposed to being prominent in supporting upcoming musicians. This is complemented by identifying the slightly overshadowed but trusted conventional players like copyright managers.

Consequently, the general description of the music industry is not fully applicable to Hungary, as majors have left, and their services have been taken by independent labels.

The literature generally posits that digital strategies, especially streaming platforms, are unequivocally beneficial for artists globally (Lee et al., 2016). However, findings of this study note the challenges and potential downsides of digital and streaming trends. Firstly, platforms like TikTok or algorithms on Spotify can promote superficial trends that might undermine musical quality. Moreover, the emergence of new technologies causes the fallback of “original”, more veteran musicians, as the artists and their audience cannot exploit these to the same extent as the youth. This contradiction points to a more nuanced impact of digital strategies, suggesting that while they offer new opportunities, they can also present new challenges for maintaining artistic integrity and depth.

Secondary data often suggests that focusing on niche markets can be a straightforward strategy for countries with language barriers to gain international traction. This is partly supported by this study, suggesting that while niche strategies (like focusing on instrumental music) are pursued, they have not yet led to significant breakthroughs on the international stage for Hungary, with Jazzbois, Belau and Zóra being the most successful in this regard and Azariah

as the next musician with this opportunity. This could indicate that such strategies, while theoretically sound, may be more complex in practice due to execution challenges, financing, the purely cultural and not financial view of musicians of these genres or other market dynamics. Furthermore, proven by the above-mentioned musicians, not necessarily the niche nature of the composition itself what matters, but the attitude of the musicians as well as their open-mindedness and versatile experience which they can use whilst building a foreign career.

To complement literature, it is essential to highlight the difficulties in establishing effective regional collaborations due to unfamiliarity with neighbouring countries' markets and bureaucratic inefficiencies. This points to a significant improvement potential for smaller markets for better implementation and support towards regional collaborations to increase competitiveness of each other's and their own industries.

VII.1.2. Policy Recommendations

As the Hungarian music industry is in the middle of extensive changes, affected by technological advancements, glocalization of music, exit of major labels, and a segmented but enthusiastic scene, now seems to be the time for every player to act and contribute to growth within their role.

For state-controlled actors

One of the most crucial parts the government influences is the financial support of the industry. As musicians are affected by Covid, costs are rising but prices are not, the population has a relatively low disposable income compared to the rest of Europe, while having the largest VAT with cultural exception, at least some of these key points must be improved for the advancement of the industry. These may be: increased funding of music export through HOTS to facilitate international success and boost revenues and traction, tax incentives that benefit musicians, consumers and even the government even in the medium-term, investment in music education to educate masses besides improving the quality of music played in radios and state-owned media, encourage engagement and train more professional, and incentivize digital innovation to facilitate the exploitation of new trends (supported by Vendrell-Herrero et al.). Ideally, this should all be complemented by centralized tracking of granted endowments, as well as a modernized approach to contracting. Overall, the government must keep up with the rapid changes of the century by being more adaptive and easier to work with, despite required bureaucratic hustles.

For business players

Record labels and music companies are encouraged to form strategic partnerships both with domestic and international entities to expand their global footprint. This includes co-productions and distribution agreements that can help Hungarian music reach a wider audience. The collaboration of the region is crucial to gain traction on an international level by presenting the more cultures and musicians from various cultures together.

Businesses should diversify their revenue sources beyond traditional streams. This could include live streaming of concerts, and exploring synchronization rights for using music in films, games, and advertisements through larger players or international collaborations, as well as optimizing concerts based on data. For smaller players, taking advantage of upcoming programs, trainings and learning from more established players is a viable strategy thanks to the friendly environment of the Hungarian music industry.

Moreover, the necessary focus on niche markets are of significance, where Hungarian music can stand out, such as classical, jazz, trap, electronic or traditional Hungarian music. These genres can differentiate Hungarian music on the global stage, creating possibilities for both larger and smaller firms. However, efforts in popular genres can still be profitable, with strategically managed recognition of artists and step-by-step, conscious career development.

For musicians

Musicians should be encouraged to think globally from the outset, gain international experience and exposure to culture, which includes and may result in producing music that can resonate beyond the Hungarian market. Learning English and other foreign languages can also be beneficial.

Besides, the need to maximize the use of digital platforms not just for distribution but also for marketing and fan engagement is clear-cut. This includes regular updates, behind-the-scenes content, and interactive sessions with fans.

Furthermore, investing in their own professional development through workshops and seminars focusing on the business aspects of music, digital rights management, and international marketing strategies are indispensable, while consistent music releases must be made for constant engagement.

VII.1.3. Limitations and Future Research Directions

Limitations

The current limitations of this study must be acknowledged. These include the focus on specific players within the Hungarian music industry, which may not cover the entire spectrum of challenges and opportunities of the sector. The reliance on interviews with a limited number of industry experts, although insightful, may also introduce a degree of subjectivity and potential bias in the findings. Additionally, the rapidly evolving nature of the global and Hungarian music markets means that the findings may not be generalizable over an extended period.

As this sector is extremely complex, classical music was not examined due to length and time constraints. Out of 10 requests sent for interviews, only five was finalized and conducted due to the unresponsiveness or unavailability of the potential interviewees, stemming from the nature of work in the music industry. Many times, they were abroad or partook in projects that required all their time.

The analysis is primarily based on qualitative data, which, while rich in detail, lacks the quantitative aspects that might be provided by involving other methods, aiding the measurement of market trends and economic impacts more precisely. The scope of the research also limits the exploration of regional comparisons, which could offer a more comprehensive view of Hungary's position within the broader European music industry context.

Future Research Directions

To build on the findings of this study, future research should consider a more extensive data collection approach, incorporating a larger and more diverse group of industry stakeholders, including upcoming artists, music consumers, and technology providers. Quantitative research could be employed to validate the qualitative insights and provide a broader statistical basis for the conclusions drawn.

Further studies could explore a more detailed analyses of the CEE countries music industry dynamics, involving use cases of countries with small markets which managed to overcome the challenges their size posed, or firms (like the case of Naxos Records) and musicians who managed to break this stigma. This comparative approach could highlight unique factors driving success or failure across similar markets and identify transferable strategies that could benefit Hungary.

Additionally, longitudinal studies could provide insights into the long-term effects of the strategies implemented by Hungarian music industry players, with the involvement of

qualitative and quantitative data from Believe Digital and WMMD, prominent digital music distributors in the Hungarian music industry.

Lastly, given the significant role of policy in shaping industry outcomes, an analysis of government actions and their effectiveness could offer valuable suggestions for policymakers and business leaders alike. This could include an evaluation of policy interventions post-study period to gauge their impact on the industry's international competitiveness.

VIII. Appendix

VIII.1. Template analysis: Coding Scheme

Madarasi, T. (2024). The B-level International Competitiveness of the Contemporary Hungarian Music Industry - Appendix VIII.1.: Template Analysis (Version 1). figshare. <https://doi.org/10.6084/m9.figshare.27905457.v1>

VIII.2. Interview Transcripts

Madarasi, T. (2024). The B-level International Competitiveness of the Contemporary Hungarian Music Industry - Appendix VIII.2.: Interview Transcripts (Version 1). figshare. <https://doi.org/10.6084/m9.figshare.25632648.v1>

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