mVine Ltd: 
A Case Study of a New Digital Music Label 
from Conception to Launch

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EXECUTIVE SUMMARY

This paper analyzes a new digital music label — mVine.com — from conception in December 2003 to launch in March 2005. It discusses the turbulent context within which the company was launched and the particular individual strengths of the founding directors. The business model and specific revenue streams are described, and financial and marketing data are given to support the company’s launch development. A full description of how mVine operated initially as a virtual organization provides a full understanding of the benefits and challenges that such a company faces and the opportunity to discuss the strategies that mVine employed to overcome this. Technical information is given that explains how open source software was used to address issues of security and cost while reinforcing the company’s open and democratic ethic. An outline is given of the planned development of mVine from virtual startup to fully financed “clicks and mortar” corporate.

Keywords: business models; copyright; digital music; e-business; e-commerce models; information collection; Internet security; Internet service providers; online database; systems design; value chain; Web site content; Web site development

ORGANIZATION BACKGROUND

mVine Ltd (www.mVine.com) was an independent record label with an online A&R (Artist and Repertoire — i.e., talent spotting) process created over a period of two years, from December 2002 to its eventual launch in May 2005. Anyone could register for free to be a voter and/or artist. Music was not put into specific genres; the company believed that what voters felt was good music was, by definition, good music, without artificial genres being imposed. Voters would also hear a far wider variety of music than they would otherwise be exposed to and may even discover other music they enjoyed. Voters would vote on each track and offer qualitative comments; those artists who were consistently well thought of (statistically) would proceed to higher levels. Once they reached the top of this pyramid, mVine would approach and contract the “best” artists for development, production, release, and promotion. Artists who had been pre-voted to be popular could be developed, therefore, into commercially successful brands in a relatively short space of time with a modest investment.

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The company believed that it could consistently attract at least 1,000 artists. If each provided three, three-and-a-half minute tracks, there would be almost 22 solid eight-hour days of listening without a single track repeating. While artists were given statistical feedback about their voting status, it was as a percentage rather than a statistic. They would know, for example, that the average vote for their song was 70% but not whether this was from 3, 30, 300 or 3,000 voters who had voted for them.

mVine was intended to counter what the founders felt was the sanitizing influence of the major music companies; it committed to offering artists a free and global platform for their work and to providing an environment within which consumers could listen to and vote on music of quality regardless of artificial genres, actively influencing the progress of each artist. It had been said (Peterson, 1975) that people who bought music neither got what they wanted nor wanted what they got; historically, the music industry had a top-down value chain. mVine set out to turn this on its head and create a bottom-up paradigm (similar to that of Leonhard, 2003).

FOUNDERS

Co-founder of mVine was Frank Joshi, a music aficionado and highly experienced, successful businessman, who already had built up and sold (for many millions of pounds) a very successful business-to-business dot-com company in 2000 (a time when a rapid succession of over-valued and under-performing dot-com companies was going out of business). After the sale of his company, he moved with his family from London to Brussels. Joshi ensured that financial, strategic and tactical issues were dealt with effectively.

Joshi’s old school friend, Calum MacColl, got in touch with him through www.friendsreunited.com, and together, they became co-founders of mVine. MacColl lived in South London; he was the son of acclaimed folk musicians and songwriters, Ewan MacColl and Peggy Seeger, who were highly respected by the music industry and consumers worldwide. MacColl was a writer, producer, and guitarist who had worked with diverse artists, including The Backstreet Boys, Ronan Keating, Eddi Reader, Cathy Dennis, Latin Quarter, Brian Kennedy, and Sarah-Jane Morris. MacColl was responsible for assessing the potential and quality of artists rising up through the mVine voting system. Once an artist had been voted up to a set level of success within the mVine system, MacColl’s responsibility was to offer recording contracts and provide the detail of support offered within those contracts.

Raymond Field had known and worked with Joshi for more than two years. A database expert specializing in
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