

Understanding “born global” cultural exports

Finnish heavy metal music in the United States

Laura Laaksonen* Toni-Matti Karjalainen** Antti Ainamo***

** M.Sc. (Tech.), IDBM Program, Faculty of International Business,
Department of Marketing and Management, Helsinki School of Economics
Helsinki, Finland, laura.laaksonen@hse.fi*

*** Research director, Ph.D. (Art and design), M.Sc. (Econ.), IDBM Program, Faculty of
International Business, Department of Marketing and Management, Helsinki School of Economics
Helsinki, Finland, toni-matti.karjalainen@hse.fi*

**** Professor, Ph.D. (Econ.), IASM, Department of Sociology, University of Turku,
Helsinki, Finland, aainamo@utu.fi*

Abstract: In this paper we look into creative entrepreneurship and cultural export in the case of heavy metal bands. The topic is studied through the framework of born global companies. Such companies are young and small, and have internationalized their businesses within a very short period after their establishment. We focus on the characteristics of two case bands, Children of Bodom and Nightwish, and explore what has enabled these “companies” to compete against local established players in the U.S. music markets. More specifically, we focus on the differences of these two bands in terms of the coordination of management and business practices. We suggest that these companies differ with regard to three practice areas – management, marketing and distribution, as well as touring – and label the general management approaches of these two companies as business-oriented and artist-oriented.

Key words: *Creative entrepreneurship, Born Global, Cultural export, Music industry*

1. Introduction

Creative entrepreneurship and cultural export is an interesting phenomenon in various fields such as fashion, music, film and design, especially in small and open economies [9,10,19], such as Finland [6,24]. It is not only design intensive companies but also entrepreneurs in the field of music industry that form a significant share of the Finnish cultural export. Music export from Finland has grown at an annual rate of 30-40 per cent between 1999 and 2005, making a notable contribution to the Finnish economy, with most of the growth originating from the success of Finnish heavy metal music. Studies indicate that there is a considerable growth potential in music industry and creative industries in general. However, music export is still scarcely studied in the academia, even though it provides an interesting setting for various approaches and disciplines. According to a survey conducted by Musex (Music Export Finland), the United States music market accounts for fourteen percent of the export of Finnish popular music [18]. The U.S. is also the world’s biggest music market and, according to studies [20], an extremely challenging one to enter for foreign artists. Still, several Finnish metal bands such as HIM, Children of Bodom, and Nightwish have succeeded in this task.

2. Objectives and methodology

This study is part of a research project, which investigates export and globalization structures and practices of Finnish rock and metal bands. The purpose of this paper is to identify generic approaches to cultural exports with a particular focus on music export and, furthermore, the management practices of the bands and the coordination of export activities around the core offering of music. In this paper, we focus on the US markets, from which data has been collected during the Spring 2009.

Two Finnish bands, Nightwish and Children of Bodom, were studied through a qualitative in-depth case study approach. We regard these bands as “companies” within the framework of cultural export. The case study approach is particularly suitable to the explorative and descriptive objectives [25]. Qualitative case approach has an important place in the study of international business [16], where data is collected from cross-border and cross-cultural settings [8]. The choice of the two case bands was purposeful, based on the success of these two case bands in the US markets since the turn of the millennium and mid-1990s, respectively. Semi-structured interviews were chosen as the primary data collection method, while they provide the needed freedom and flexibility [25]. In addition, one of the researchers followed the bands on tour for a month and a half, collecting ethnographic data, and gathered data from secondary sources such as popular press and industry reports.

3. Born globals as the theoretical basis

We review the two cases through the framework of “born globals” (BGs). BGs are young, small sized companies that internationalize their business very early on and are usually originated in small and open economies (“SMOPEC”, [11]) such as Scandinavia or New Zealand. BGs have been studied in the field of International Business since early 1990’s [2,6,12,21]. According to Luostarinen [13], BGs are a more important part of the competitiveness of small and open economy countries (SMOPECs) than they are that of large economies. This is because in SMOPECs, the domestic push factors (openness, smallness and location) dominate successful companies’ decisions to start globalization. Market size is almost without exception larger on the global market than close at home which, in turn, represents a pull force [14]. Countries such as Sweden, with 8 million inhabitants, and Finland, with only 5 million, are good examples of SMOPECs. Due to the small domestic markets in these countries, fast and quick internationalization is a way to build up minimum efficient scale and thus to survive for many companies [6].

The choice of this theoretical approach is justified while it seems that the selected case bands fulfill the main requirements of a born global company (BG): their products have global market potential, they combine their potential with entrepreneurial capability to seek methods of accelerated internationalization, they have a global vision and, they are independent firms [7]. They also depend on unique and tacit know-how to sustain their advantage [22,3]. Founders in these kinds of companies fund product development with their own money before sales take-off, build networks extensively with supportive firms and business associates, use the internet as one of their marketing channels, and often use Multinational Enterprises (MNE’s) to distribute and license their products through at least some of the channels [7].

In many cases, diverse kinds of BGs have been combined into the same data set in research, without making distinctions between one and another kind of a unit of analysis. Building on Falay et al [6] who have conducted studies on design intensive BGs, this paper addresses the study gap with a comparative study of the two heavy-metal bands, construing them as born-global cultural entrepreneurs.

The contribution of this study is twofold. The primary contribution is to develop an initial framework for studying how to successfully enter the international metal-music markets, a framework to be further developed in this paper and tested on other markets in other studies in the research project, to be carried out in such markets Europe and Japan. Also, this paper enriches understanding of the commonalities and differences in the management and coordination of activities of BGs in the cultural industries [6] and beyond.

4. Characteristics of born globals in music industry

BGs have several characteristics that set them apart from other business organizations. In this chapter, we review these characteristics and examining their fit with our case studies. We have identified four main categories of characteristics.

First, BGs are usually **small in size and young in age**. These characteristics provide the companies with greater flexibility and allow them to internationalize on a faster pace. However, they often also cause financial dependency and therefore challenges. It is typical that heavy metal bands are originally established by teenage friends or other acquaintances, and then later, such as in both of our cases, the bands proceed to a more serious phase and may reach the breakthrough.

Second, BGs are characteristically targeting global **niche markets with innovative products**. Rapid changes in consumer demands cause the need for customized products and, in turn, create small niche markets where relative economies of scale across individual consumers or other customer may be achieved. BGs have an advantage over the larger companies that often are not able to adapt and adjust to the changing demands in the international markets [15]. Heavy metal is a highly international yet fragmented category of music, where global niches are often created out of nationally-specific labels such as “New Wave of British Heavy Metal”, “Bay Area Thrash Metal”, “Norwegian Black Metal”, “Swedish Death Metal”, “German Speed Metal”, and “Finnish Metal” [23,4]. Furthermore, despite its current mainstream popularity in countries like Finland and Sweden, metal music is still a niche product in the global popular music markets. In our study, we have found that Children of Bodom and Nightwish, as well as many other Finnish metal music groups (companies), have succeeded partly because they have managed to develop innovative and dynamic concepts and even entirely new sub-genres within heavy metal. Children of Bodom combine technically challenging melodic guitar and keyboard solos in death metal songs, whereas Nightwish has combined symphonic elements, classical vocals, and complex song structures with the traditional guitar- and riff-based heavy metal.

Third, physical distance from the markets is not considered a negative factor for BGs; in fact, they tend to specialize on finding and exploiting on **international networks and cooperation**, working through a combination of channels such as supportive firms, business associates, and and/or the Internet, while outsourcing

non-core competencies [7]. Different from the nationally specific networks and cooperation [5], BGs use networks that cut across national borders [7]. BGs make a virtue of their willingness to adapt their internationalization strategy to the needs of the market as well as of the lack of fixed routines [6, 17]. Both Children of Bodom and Nightwish have chosen a specific construction of international network of partners and distributors that enables them to nurture complete artistic freedom as it comes to their musical concept.

Fourth, born global companies often use **MNE's as systems integrators or global customers** to distribute or license the born globals' products or services [1,7]. Metal bands such as Children of Bodom and Nightwish use MNE's, for example Universal Music Group, for licensing and distributing their products globally. The primary revenue streams of a metal music company come from music recordings (royalties), merchandise and live performances. The core competence of these companies is the product development, in this case creating and performing the music. Management, booking of live shows and manufacturing and distribution of (physical and digital) products is outsourced to specialized companies globally. Many bands also have endorsement contracts with instrument and equipment manufacturers.

5. Export practices of Children of Bodom and Nightwish

Next, we focus on characteristics of the two case bands, Children of Bodom and Nightwish, which we construe in terms of aspects that enabled these "companies" to compete against local established players in very challenging US music markets. More specifically, we map out the coordination mechanisms that concern the management and business practices of these companies.

Both of the two case companies have a unique product that is based on high musical talent in terms of both song writing skills and technical skills. Both bands have also created an original concept that was novel to the industry at the time they broke through, and suggestively an important success factor. Both of the companies have also created a cooperative network and utilized external resources in manufacturing and/or distribution, so that they have been able to globalize regardless of their limited resources. At the same time, they have nevertheless managed to hold on to artistic freedom in creating their music.

However, in studying these two bands, we have found that the precise ways by which they have formed international networks differ from one another are significant with regard to the business operations of these music groups as well as to similar cultural enterprises in general. Differences occur in terms of management, touring as well as marketing and distribution practices, which will be respectively discussed in this chapter. To describe and compare these two companies, we view their histories in which we embed their specific ways of international networking, and then compare the two constellations.

5.1 Description of the two case companies

Children of Bodom (COB) was formed in 1993 in Espoo, by Alexi Laiho (guitars and vocals) and Jaska Raatikainen (drums). In late 1996 the band signed a three-album deal with Spinefarm Records. COB played their first North American gigs in Montreal, Canada, and at the Milwaukee Metal Fest XIV, in the U.S. in 2000. COB was meant to be distributed in the US by Nuclear Blast America in 2000, but the company went bankrupt.

Consequently, there appeared a delay in entering the U.S. market, as it was not until 2003 when Century Media licensed their fourth album *Hate Crew Deathroll* in the U.S. The following albums have been released by Fontana Distribution, a daughter company of Universal Music Group (that has a global record deal with the band). By 2009, COB has sold 500,000 albums in the U.S. In the U.S., Alexi Laiho's guitar skills have been recognized in the music media, leading to his consecration in *Guitar World* magazine as the most promising young guitar player in 2006 and the best metal guitarist in 2009.

Nightwish was founded by Tuomas Holopainen (keyboards) in Kitee in 1997. Soon after recording their first demo, Spinefarm Records, the same company that signed COB, released the debut album *Angels fall first* (1997). In fall 2001, Ewo Pohjola left Spinefarm and started to work as the Nightwish manager together with Toni Peiju. By then, Nightwish was already an established player in the European markets. In the years 2001 and 2002, 150 000 people saw the "Nightwish World Tour of the Century", and the band played their first ever shows in the U.S. in 2003. In the same year, Nightwish also signed a new record deal in the U.S. with Roadrunner Records. Their previous albums had been licensed in the U.S. by Century Media. Nightwish does not have a global record deal; instead they have different labels in different markets. In their fifth album *Once* (2004), Nightwish used a real orchestra on and covered the recording costs themselves. By doing this, they took a conscious risk which, in the end, paid off. *Once* hit the top of the European album charts, something a Finnish band had not accomplished before. In 2007, the band released their sixth studio album *Dark Passion Play* with a new (Swedish) singer Anette Olzon. The album sold over one million copies world-wide, including 100,000 copies in the U.S. Altogether Nightwish has sold a bit less than 500,000 albums in the U.S. by April 2009.

5.2 Management practices

In terms of generic management approaches, these two cases involve rather different practices in the U.S. Since 2007, COB band has used a separate management company that is specialized in the U.S. markets. Nightwish, in turn, has used a global management team that manages relationships with local subcontractor managers.

In more detail, Children of Bodom in Europe is managed by a German management company Continental Concerts & Management GmbH, a management company that manages six and is the booking agency for 17 other "hard 'n heavy" music artists and bands. In the U.S., COB has assigned a different management company, Channel Zero Management that has sixteen other clients. COB keeps official meetings with both managers on a regular basis, but the relationship between the band and their management is professional. In sum, Children of Bodom is part of two different umbrella networks; one in the Europe and another one in the U.S.

In contrast to Children of Bodom, Nightwish is managed by only one music management firm, King Foo Entertainment, with whom the band interacts closely in a more friendship-based than professional fashion. Like Nightwish, King Foo is a Finnish company. It was formed by Ewo Pohjola and Toni Peiju in 2000. The managers in King Foo Entertainment were close friends with Nightwish members already before they became the official managers of Nightwish. King Foo later formed a sister company in the U.S., which was done for legal reasons. The same personnel are still handling all the Nightwish management issues globally. The management also follows the band to all the gigs, which is not typical in the COB case, and the two managers still have very

personal relationships individually with each of the band members, as well as with each other. Thus, the management and networking practices of Nightwish take the form of a nationally embedded and an intimate social network. The relationships of the artists and their managers are not clearly defined but blended on an ad hoc basis, at least when it comes to social interaction on non-professional affairs.

5.3 Touring practices

Touring is the most important marketing activity in the field of heavy metal music. Record sales usually increase significantly after each tour. The U.S. is a challenging market to tour because the geographical distance between the concert venues are usually very long. It is often impossible to cover all the important cities even through a six or seven week tour. The tours are arranged and booked by local booking agents and agencies.

COB started touring in the U.S. after the release of their fourth album in 2003. Their first headline tour took place in 2005. In the spring of 2009, COB did their tenth North American tour. The band has always toured with other metal bands including some of the largest acts in the heavy metal genre, such as Slayer, Megadeth and Lamb of God. Hooking up with bigger acts is a financial risk and, therefore, considered an investment in the future. The band might not get compensated for their work, but the exposure a band gets from playing in front of larger audiences may increase the record sales dramatically and, consequently, pay off in the long run. In the U.S., COB is the client of a large booking agency, the Agency Group, which is one of the world's biggest booking agencies with over 1,000 artists and 50 agents.

Differing from COB, Nightwish uses an independent booking agent in the U.S., John Finberg, who is also a partner of Foo King Entertainment Ltd, the U.S. management company of Nightwish. Due to artist related reasons, such as the fragility of the first singer's classical singing voice, Nightwish has toured lesser times in the U.S. than COB. The band paid their first visit there in 2003. After that, the band has toured there four times from two to five weeks at a time, all of which have been headlining tours with increasing turnouts each time. Some of their tours have had supporting acts, but only bands that are also clients of King Foo Entertainment (booking and management agency in Finland), such as Finnish Sonata Arctica and Danish Volbeat.

5.4 Marketing and distribution practices

Children of Bodom was introduced to the U.S. markets by Century Media, who got interested in the band after the release of their fourth album. COB had a global record contract with Universal Music through Spinefarm Records (owned by Universal Music) but Universal was not interested in releasing the record in the U.S. at that point. Century Media made then a licensing contract with Universal Music regarding the *Hate Crew Deathroll* album that was released and distributed in the U.S. Century Media also arranged tours for COB and invested effort in marketing the band. The band was well accepted by the audiences in the U.S., and Universal Music put out the following albums through the Fontana Distribution, an independent distribution company that Universal owns. Fontana also works closely with Spinefarm Finland, Channel Zero Management and ESP (brand that manufactures Alexi Laiho's signature model) in creating marketing campaigns for example with Amazon (2009) and iTunes (2009). Children of Bodom have also got their songs to videogames such as NHL 09 (EA Sports),

Rock Band (Harmonix/MTV Games) and Guitar Hero V (upcoming).

Nightwish was licensed in the U.S. markets immediately after the release of their first album by Century Media, thus Nightwish is nowadays distributed in the US by Roadrunner Records, their label in the U.S. The first four albums are nowadays licensed in the U.S. through Fontana Distribution, which is COB's label in the U.S. According to a Roadrunner records representative, touring and press are the only sensible means of marketing a foreign metal band in the US markets. Roadrunner is a global record label but they distribute Nightwish only in the U.S. and Australia. Because Nightwish has not toured much in the U.S., they have not fully exploited their potential in that market.

6. Conclusions

Hence, the management, touring, as well as marketing and distribution approaches of Children of Bodom and Nightwish differ remarkably. On the basis of these differences, we propose that the bands have used two alternative generic strategies; business-driven (COB) and artist-driven (Nightwish). The rapid internationalization of Children of Bodom has been "strictly professional", business-driven, while the internationalization of Nightwish, has been more "social", artist-driven. Both of these bands have successfully entered the challenging U.S. market and managed to create there a functioning network of companies and individuals. Therefore, it is suggested that both strategies, when properly implemented, can lead to success.

Through the cases of the two Finnish metal bands, the paper presents an application of the theory of "born global" companies. It is obvious that this study has only scratched the surface and deeper investigation is needed in order to construct a proper contribution to the study of this emerging phenomenon. However, our initial study shows consistency with previous studies [6] that business models in the creative industries need to support the unique characteristics of the companies operating in the creative industries and that the partnerships of musicians as cultural entrepreneurs and the marketing and other business professionals is a source of sustained competitive advantage. [6]

In the future, we will investigate these two different approaches and the aspects of management, touring, marketing and distribution practices through more case studies of Finnish and other heavy metal bands in different markets such as Japan and Europe. It would also be interesting to imply this framework to other areas of cultural exports and creative fields such as design, fashion and film industries. We believe that many insights can be generated from the music industry practices that bare relevance for design and other areas, and vice versa.

7. References

[1] Aldrich, H.E. and Zimmer, C. (1986) Entrepreneurship through Social Networks, in Sexton D. and Smilor R. (eds) *The Art and Science of Entrepreneurship*, Ballinger Publishing Company, New York, pp. 2—23.

[2] Autio, E. Sapienza H.J., Almeida, J.G. (2000) Effects of age at entry, knowledge intensity, and imitability on international growth, *Academy of Management Journal*, vol. 43, no. 5, pp. 909-924.

- [3] Barney (1991) Firm resources and sustained competitive advantage, *Journal of Management*, vol. 17, no. 1, pp. 99–120.
- [4] Christe, I. (2004) *The Complete Headbanging History of Heavy Metal*, 1st Ed., Harper Collins, New York.
- [5] Djelic, M-L. and Ainamo, A. (1999) The coevolution of new forms in the fashion industry: A historical and comparative study of France, Italy and the United States, *Organization Science*, vol. 10, no. 5, pp. 622-637.
- [6] Falay, Z., Salimaki, M., Ainamo, A., & Gabrielsson, M. (2007) Design intensive born global companies: overcoming the challenges of the designer as entrepreneur, *Journal of Marketing Management*, vol 23, pp. 877-899.
- [7] Gabrielsson, M., Kirpalani, V.H.M., Dimitratos, P., Solberg, C.A. and Zucchella, A. (2008) Born Globals: Propositions to help advance the theory, *International Business Review*, vol. 17, no. 4, pp. 385-401.
- [8] Ghauri, Pervez (2004) Designing and conducting case studies in international business research, In Marschan-Piekkari, R. & Welch, C. (eds), *Handbook of Qualitative Research Methods for International Business*. Edward Elgar, Cheltenham, UK, pp. 109-124.
- [9] Hauge, Malmberg, D. and Power (2009) The Spaces and Places of Swedish Fashion, *European Planning Studies*, [forthcoming].
- [10] Jones, D., Smith, K. and Zealand, W.N. (2005) Middle-earth meets New Zealand: authenticity and location in the making of The Lord of the Rings, *Journal of Management Studies*, vol. 42, no. 5, pp. 923-945.
- [11] Kirpalani, M. and Luostarinen, R. (1999) *Dynamics of Success of Smopec Firms in Global Markets*. Proceedings of EIBA 25th Annual Conference, Manchester.
- [12] Knight, G. and Cavusgil, S. (2004) Innovation, Organizational Capabilities, and the Born-global Firm, *Journal of International Business Studies*, vol. 35, no. 2, pp. 124-141.
- [13] Luostarinen, R. (1994) *Internationalization of Finnish Firms and their Response to Global Challenges*, UNU/WIDER report, Forssa Printing House Ltd.
- [14] Luostarinen R. and Gabrielsson, M. (2004) *Globalization and Marketing Strategies of Born Globals in SMOPECS*, Helsinki School of Economics Centre for International Business Research CIBR Papers.
- [15] Madsen, T. K., Servais, P. (1997) The internationalization of Born Globals: An evolutionary process?, *International Business Review*, vol. 6, no. 6, pp. 561-583.
- [16] Marschan-Piekkari, R. and Welch, C. (eds.) (2004) *Handbook of Qualitative Research Methods for International Business*, Edward Elgar, Cheltenham, UK.

- [17] Moen, O. and Servais, P. (2002) Born global or gradual global? Examining the export behavior of small and medium-sized enterprises, *Journal of International Marketing*, vol. 10, no. 3, pp. 49-72.
- [18] Music Export Finland (2007) Market Value Research 2007 [online PDF]. Available at <<http://musex.fi>> [Accessed 16 June 2009]
- [19] Negus, K. (2002) The Work Of Cultural Intermediaries and the Enduring Distance Between Production and Consumption, *Cultural Studies*, vol. 16, no. 4, pp. 501-515.
- [20] Power, D. and Hallencreutz, D. (2007) Competitiveness, Local Production Systems and Global Commodity Chains in the Music Industry: Entering the US Market, *Regional Studies*, vol. 41, no. 3, pp. 377-389.
- [21] Rennie M. W. (1993) Global Competitiveness: Born Global, *The McKinsey Quarterly*, vol. 4, pp. 45-52.
- [22] Schoemaker (1990) Strategy, complexity, and economic rent, *Management Science*, vol. 36, no. 10, pp. 1178–1192.
- [23] Sharpe-Young, G. (2007) *METAL- The Definite Guide*, 1st Ed, Jawbone Bone Press, London, England.
- [24] Statistics Finland (2009) *Cultural Statistics 2007*, Helsinki, Finland.
- [25] Yin, R. K. (2003) *Case study research: design and methods*, Sage Publications, Thousand Oaks, U.S.