Lady Gaga: Born this way?

CASE STUDY SAMPLE

This case study was written by Adjunct Professors Jamie Anderson and Jörg Reckhenrich of Antwerp Management School, and Dr. Martin Kupp of ESMT European School of Management and Technology as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. © Antwerp Management School, May 2011.
“When I wake up in the morning, I feel just like any other insecure 24-year old girl. Then I say, ‘Bitch, you’re Lady Gaga, you get up and walk the walk today.”

Lady Gaga, Rolling Stone Interview June 2010

Introduction

The rise of music distribution over the Internet had a profoundly negative impact on the profitability of the music industry since the turn of the new millennium. The value of the global recorded music industry shrank by more than 40% between 2004 and 2010. There was an estimated 20 percent fall in the number of people employed as musicians in the United States since 2000, with 1.2 million jobs projected to be lost in the European creative industries due to digital piracy by 2015. In the US, only 18% of internet users aged 13 and over regularly bought digital music. In Europe, digital adoption was even less widespread – only 8% of internet users in the top five EU markets frequently bought music digitally.¹

Digital piracy’s impact on music sales had fed through directly to reduced investments in artists. Data published in 2010 by the International Federation of the Phonographic Industry (IFPI) indicated that around 16 per cent of the recording industry’s revenue was invested in developing artists annually. This proportion was more than many other industries invested in research and development. With a further 13 per cent spent on marketing, the recording industry was estimated to have committed US$5 billion in 2009 to nurturing talent. But this spending represented almost 40% less than had been invested just five years before, and despite these investments, there was an estimated 77% fall in debut album sales in the global top 50 over the same period, from 47.7 million to 10.8 million units (see Exhibit 1).²

Revenue from music sales had traditionally funded the lion’s share of investment in new artists, with recorded music sales representing the platform for artists’ careers. While much attention has been paid to the live music market and to revenues from branding and other non-recording revenue sources, the reality was that these revenue streams tended to be the privilege of established artists rather than new and developing acts.³

Thus the music industry faced two dilemmas; how to launch stars who could drive new music sales in a digital world, and; how to shorten the time until an artist could start generating income from different revenue streams, like world tours, brand licensing and merchandising? By early 2011 many industry observers suggested that the answers to these vexing questions might be provided by a 24-year old girl born in New York City as Stefani Joanne Angelina Germanotta, AKA Lady Gaga.

A star is born

Lady Gaga was named the artist of the year in 2010 by Billboard⁴, just one year after she earned the title of top new artist. Her Monster Ball Tour was the 4th highest grossing tour in 2010⁵ and her album “Fame Monster” was the best selling in the world⁶. By the end of 2010 she had seven consecutive songs that reached the two million mark in paid downloads in the United States⁷; the only artist that had managed to achieve this feat. By end of 2010, the estimated sale of her recordings was fifteen million albums and fifty-one million singles worldwide and she had been voted by Time Magazine as one of the most influential people of the year⁸.

Lady Gaga learned to play piano from the age of four, went on to write her first piano ballad at thirteen and began performing at the age of fourteen. She claims to have always wanted to become a star; to entertain people and inspire them in doing so. She was and is outspoken about her idea of stardom: “Some people are just born stars. You either have it or you haven’t, and I was definitely born one.”⁹ In her high-school yearbook she stated that her dream was to headline at Madison Square Garden. In another interview she also stated “I have made it my goal to revolutionize pop music, the last revolution was launched by Madonna 25 years ago” leaving no doubt about her aspirations¹⁰. Indeed Gaga’s rapid ascent in the music industry is often compared to Madonna’s, right down to their shared beginnings in the downtown New York club scene before their big record deals. But what makes Gaga’s progress so unique is that she has achieved as many milestones (if not more) in less than two years than her idol Madonna did in nearly a decade.

Lady Gaga was brought up in a loving, Italian American environment, and has often spoken of the strong work ethic of her father (an internet entrepreneur) and mother (a telecommunications manager). The family lived in the Upper West Side of New York and Gaga was enrolled at the Convent of the Sacred Heart, a girls’ school that previously had Caroline Kennedy, Paris and Nicky Hilton as students and costs about US$ 40,000 per year to attend. Despite her privileged upbringing, Gaga has stressed that her parents "both came from lower-class families, so we've worked for everything... I had jobs when I was 16, I had tons of jobs when I dropped out of school."¹¹
During her time in school, Lady Gaga pursued her love of music while studying piano, voice and drama. Looking back on her high-school period, she says that much of her inspiration comes from feeling like the weird girl in school. She describes her academic life in high school as "very dedicated, very studious, very disciplined" but also "a bit insecure" as she told in an interview, "I used to get made fun of for being either too provocative or too eccentric, so I started to tone it down. I didn’t fit in, and I felt like a freak.” At 14, she started to perform at amateur music nights, awing people with her early singer-songwriter talent.

During her teens, Lady Gaga got acquainted to the right people. The legendary Don Lawrence (who also worked with Mick Jagger, Bono and Beyoncé, just to name a few) was her vocal coach and encouraged her to start writing music. After high school, she chose NYU’s Tisch School of the Arts over the even more prestigious Juilliard. There she studied music and improved her songwriting skills by composing essays and analytical papers focusing on topics such as art, religion, social issues and politics. She learned a lot about art, including her favorite artists Andy Warhol and Damien Hirst, and wrote an 80 page dissertation on Hirst’s approach to the art world.

Gaga felt that she was more creative than some of her classmates. "Once you learn how to think about art, you can teach yourself," she said. By the second semester of her sophomore year at age 19, she dropped out of Tisch and chose to do music full-time. She left home, and her father agreed to pay her rent for a year, on the condition that she re-enroll for Tisch if she was unsuccessful. "I left my entire family, got the cheapest apartment I could find, and ate shit until somebody would listen," she said.

As Gaga describes herself: “I always loved rock and pop and theatre. When I discovered Queen and David Bowie is when it really came together for me and I realized I could do all three. I look at those artists as icons in art. It’s not just about the music, it’s about the performance, the attitude and the look: it’s everything, and, that is where I live as an artist and that is what I want to accomplish. Gaga came to appreciate pop culture as art, and she was inspired to invite everybody to the party of pop culture – I want people to feel a part of this lifestyle.”

END SAMPLE

OTHER SECTIONS OF THE FULL 14 PAGE CASE STUDY VERSION

- Getting Close to Fans
- Standing Out
- Keeping Momentum
- Use of Social Media
- The Business Model
- What Next?

A FULL VERSION OF THE CASE IS AVAILABLE FOR EURO 25 VIA PAYPAL. SEND ORDERS TO JOERG@RECKHENRICH.COM
Exhibit 1: Debut Album Sales 2003-2010

The pressure on new artists globally
Debut album sales fell 77%, 2003–10

Source: International Federation of the Phonographic Industry

Exhibit 2: Lady Gaga Fashion Statements
Exhibit 3: Selection of album and single covers in chronological order:

<table>
<thead>
<tr>
<th>Date</th>
<th>Cover</th>
<th>Description</th>
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<tbody>
<tr>
<td>04-08-2008</td>
<td>Like Madonna</td>
<td>09-16-2008</td>
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<tr>
<td>03-31-2009</td>
<td>Vamp</td>
<td>05-12-2009</td>
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<tr>
<td>02-09-2010</td>
<td>Little Princess</td>
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<td>10-28-2008</td>
<td>Cool</td>
<td>10-26-2009</td>
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<tr>
<td>08-03-2010</td>
<td>Victorian</td>
<td></td>
</tr>
</tbody>
</table>
Endnotes

1 IFPI Digital Music Report 2011- At the touch of a button. International Federation of the Phonographic Industry
2 Ibid.
3 Ibid.
6 Media Traffic, United World Chart, Retrieved 10/05/2011 http://www.mediatraffic.de/albums-2010.htm