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Barriers to Technology Adoption and Strategies to Overcome Them: Learnings from the Japanese Music Industry

Kevin Shingo Gartner

Work project carried out under the supervision of:

Prof. Aman Asija

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Abstract

Fast technological change and radical innovations can threaten the survival of incumbent firms. Much focus of strategy research has been on examining how incumbents can successfully transition to new technologies. However, we know little about how incumbent firms can defend their existing positions by promoting widespread innovation resistance. Assessing the Japanese music industry, where most of the music revenue is still generated by sales of Compact Disks (CDs), this study identifies drivers of innovation resistance that incumbent firms could exploit in defence. Conversely, we also discuss how challengers can overcome innovation resistance.

Keywords: Incumbents; Innovation resistance; Defensive strategy; Music industry

1 Introduction

Innovations are the fundamental driver of economic growth, social benefits, and human progress (Tewksbury et al. 1980; Broughel and Thierer 2019). Yet many incumbent firms fail to realise the disruptive impact of an innovation, which scholars refer to as the innovator's dilemma. Examples include Kodak failing to adapt to digital photography, Nokia missing the transition to smartphones, or Blockbuster denying how rising demand in video streaming will make their physical stores irrelevant among others. What all these examples have in common, and what scholars focused most on the last decades, is that these incumbent firms failed to innovate, and got disrupted by firms that utilized the new technology.

However, very little research has been conducted on incumbent firms that withstand innovations demanded by the mainstream consumer to preserve their outdated business model. While examples of such wide-spreading innovation resistance are limited, they may rise in both prevalence and importance.

Analysing the case of the Japanese music industry, this thesis aims to build a qualitative foundation on which future scholars can analyse the drivers of collective innovation resistance and derive strategies to overcome them. While being the world's second-largest market, over 70% of its music revenue is still generated by physical sales (RIAJ 2022), compared to 11% in the US (RIAA 2021). All other music industries have long chosen streaming as the primary way of music consumption, yet Japan's music companies have successfully conserved their high profits from physical sales. Hence, it serves as a valuable example for an industry that restricts innovation adoption by creating barriers for challengers.

To critically assess these barriers to innovation, a comprehensive literature review on innovation adoption, innovation barriers, and the characteristics of Japan's music industry has been conducted. To challenge these findings and to add a valuable perspective, we conducted a qualitative analysis based on two expert interviews and a research survey that questioned 96 Japanese participants regarding their music consumption preferences and attitude towards music streaming. For the interviews, one Senior Vice President (SVP) of a major music label responsible for the Japanese market, and one successful Japanese musician were questioned. We find that Japan maintains a culture of protectionism towards outside influences, a uniquely loyal fanbase which is fueled by the sales of physical artist merchandise, and excessive control of artists and their music rights by music companies. These factors, and others which are outlined in further detail, enable the Japanese music firms to engage in strategies to prevent challengers to introduce their innovation.

Our investigation offers several contributions and managerial implications. For one, we developed a framework (Figure 1) which assessed the root cause and factors of the innovation barriers created by incumbents, by synthesizing the available, yet limited literature on the Japanese music industry. Furthermore, we added arguments to this framework by conducting a qualitative analysis in form of expert interviews and a research survey. The illustrative framework also implies for challengers the necessity to assess a market to its core, and to identify the drivers that enable the incumbent to create such innovation barriers in the first place. Only then can challengers adapt their offerings accordingly, and in combination with an intensive customer-centric approach, overcome the given obstacles to innovation adoption.

Finally, we provide avenues for future research. The conducted survey should be repeated with broader, more heterogeneous samples to test the given framework empirically. Moreover, we suggest additional expert interviews collect more reliable, representable results.

2 Literature Review

2.1 Innovation Theory

2.1.1 Innovation and Disruption

According to Rogers, innovation is defined as ‘an idea, practice, or object that is perceived as new by an individual or other unit of adoption’ (Rogers 1995). Thereby, innovation could be any new idea presented and adopted by a population but does not necessarily imply a benefit to an individual. The opportunities for innovation, however, are immense and can create whole new industries. Christensen argues that most firms deal with innovation, as long as it enables them to make better products or increase margins (Christensen 2002). However, as innovations can create new industries, they can upset the equilibrium and overwhelm mature market leaders, which is known as disruptive technology (Osiyevskyy and Dewald 2015).

The most prominent concept describing this phenomenon is Christensen’s ‘Innovators Dilemma’, which states that firms face the strategic dilemma between exploiting the existing models that provide stable margins or exploring the new disruptive and uncertain business model (Christensen 2013). The reason many incumbents fail to adopt new technologies is that, at first, these disruptive models are financially unattractive, compared to their existing model. However, with time, the prior inferior disruptive technology might gain momentum and eventually surpass the requirements of mainstream customers who adapt to these new alternatives (Osiyevskyy and Dewald 2015). Thereby, while excessive enthusiasm for adapting new technologies can lead to disastrous outcomes for incumbents, the refusal of adaption can equally be harmful (Leonard‐Barton 1992; Casadesus-Masanell and Ricart 2010). Examples of industries that got disrupted by new technologies are digital photography, newspaper publishing (Osiyevskyy and Dewald 2015), and certainly the music industry. While Christensen explains the dilemma faced by incumbents, it does not highlight the reasons that influence the decision to adopt or resist a disruptive technology, both from a business and a consumer point of view.

2.1.2 Technology Adoption

According to Forman et al. (2005), technology adoption occurs when an individual, firm, or another agent first uses a new technology, which can be a new service, product, or management innovation. Among the most influential technology adoption models are the theory of diffusion of innovation (Rogers 1995), the theory of planned behaviour (Ajzen 1991), and the technology acceptance model (Davis et al. 1989),

The theory of diffusion of innovation (DOI) established the foundation for conducting research on innovation adoption and acceptance (Ediriweera and Wiewiora 2021). It provides a foundational understanding of adoption theories and is used to comprehend and predict change. To understand the drivers of adoption, the most important finding of Rogers is that they are based on an individual's perception of the technology, such as relative advantage, compatibility, complexity, trialability, and observability (Rogers 1995)

The theory of planned behaviour (TPB) is another popular framework that found intentions to be a significant determinant of behaviour. Moreover, it argues that subjective norm, which is the degree to which a behaviour is socially desirable, further impacts whether someone will engage in an action. A third predictor, based on the TPB model, is one's ability to engage in a specific behaviour. A repetition of behaviour will lead to a habit that will stick, without any influence of the aforementioned factors (Ajzen 1991).

The technology acceptance model (TAM) analysed how an individual's perception of a technology innovation affects the eventual use of that technology (Davis et al. 1989). Based on both social cognitive theory and decision-making theories, Davis identified two characteristics of an innovation that he believed predict its usage (Straub 2009). The first characteristic, perceived ease of use, is the degree to which an individual believes that using a particular innovation would be free of effort (Davis 1989). Davis defined the second characteristic, perceived usefulness, as the degree to which an individual believes that using a particular innovation will enhance their 'job performance' (Davis 1989, p. 320).

While most consumers are quick in their progress towards adapting to new technology or innovation, incumbent firms face several obstacles in that process, which will be outlined below (Henderson 1993; Christensen and Bower 1996).

2.1.3 Obstacles to Technology Adoption

Scholars have assessed several potential explanations for this resistance, including organisational structures, environmental factors, and psychological biases.

Organisational characteristics such as firm structure, size, perception of risk, lack of trust, and knowledge have been found to have a direct impact on the innovation adoption process (Johnson 2010; Ediriweera and Wiewiora 2021). For instance, rigid structures have centralised decision-making that is, overly bureaucratic, inflexible, and slow, and thereby inhibiting innovation adoption (Calantone et al. 2010). One-way communication channels are another discouraging factor, as it harms the free flow of information, which results in limited opportunities for exchanging ideas to develop new solutions (Ylinen and Gullkvist 2014). Scholars have found that smaller firms tend to have encouraging organisational structures that are more agile, give employees more autonomy, and hence have a positive effect on adoption (Cabral, de Sousa et al. 2020). Others argue that larger firms are more prone to adapt to innovations, as their access to financial and human resources is bigger, and thereby more powerful (Talegeta 2014). Culture and perception of risk within an organisation are other factors that can affect innovation adoption, as risk-averse firms tend to be more reluctant due to the uncertainty of the outcomes (Johnson 2010).

Environmental factors refer to industry characteristics, such as access to resources, government regulations, legal constraints, or market structures. Governments play a significant role in facilitating an environment that supports innovation adoption. While rigid government restrictions can obstruct innovation adoption, safety or environmental protection restrictions can encourage it (Ediriweera and Wiewiora 2021).

While all aforementioned factors can have a substantial impact, the most researched barrier to innovation is organisational inertia (Kelly and Amburgey 1991). Smith and Tushman (2005) state that, by definition, innovations are inconsistent with an organisation's current business model. Christensen's theory of disruptive technologies argues that investing in disruptive innovations is not a rational financial decision for managers to make, as these innovations are initially of interest to the least profitable customers in the market (Christensen and Bower 1996). Hence, the root cause of incumbents' failure to adapt to innovations is the practice of good management (Lucas Jr and Goh 2009). This well-researched phenomenon is called technological inertia and is the propensity of incumbent firms with historical expertise in one technology to continue investments and developments towards that generation, instead of effectively developing and commercialising products based on a new generation of technology (Tripsas 2009). Many scholars also refer to this as "strategy zero" (Magnusson, Elliot et al. 2021). This organisational inertia has caused many incumbents to fail, such as the movement from X-ray to CT scanners, traditional to digital photography, or CDs to digital streaming (Olschewski, Renken et al. 2018).

Raffaelli et al. (2019) have assessed the organisational inertia in terms of the psychological drivers of top management that lead to such innovation resistance. They argue that top management becomes mired in framing innovation in terms of their organisation's past, rather than its possible future. Thereby, managers focus on affirming their perceived legacy strategy, even though this strategy is becoming less competitively advantageous (Rothaermel 2001). This form of inflexible framing of innovations significantly dampers adoption. Upper-echelon theorists argue that management teams' response to disruption in their environment is based on cognitive contractual anchored in their past experience and values, which holds especially true in incumbent firms (Bromiley and Rau 2016; Raffaelli, Glynn et al. 2019). Regardless of the particular reason, the strategies firms use to resist innovation adoption are quite similar.

2.1.4 Research Gap

The majority of literature revolves around explanations about how companies failed to innovate from a micro-perspective. The fear of organisations becoming disrupted, the urgency for them to adapt, and the reasons most incumbents fail to adapt to innovations are widely acknowledged. The most prominent examples of incumbents that failed to adapt and have been disrupted by competitors are Kodak, Nokia, and Blockbuster. However, not as much has been researched about a whole industry that collectively and successfully resists innovation for a long time, although customers have proven to be willing to adapt to it.

A prime example of such a collective innovation resistance of incumbents is the Japanese music industry and its relationship to online streaming services, which will be discussed in the following chapters. In short, Japan has successfully resisted the penetration of streaming services until now, while the rest of the world has already accepted streaming as the primary way to consume music. Streaming makes up only 22% of Japan's music revenue, while it contributes to over 70% globally (ifpi 2021).

Three research studies (Boleat 2011; Manabe 2016; Cerqueira 2018) have been published that mention a few points that might contribute to a lacking streaming adoption in Japan, yet none have determined clear factors by assessing the whole music ecosystem. To get a thorough perspective on the different influences and dynamics that resulted in this low adoption, we will first outline facts, the major players, and the history of the Japanese music industry. Subsequently, we will depict information from different literature and structure these into a framework that intends to shed light on the drivers of low innovation adoption (streaming) in the Japanese music industry.

2.2 The Japanese Music Industry

2.2.1 Overview

Japan is recognised as the world's second-biggest music market, with a reported revenue of USD 4.5 billion in 2021, almost double the revenue of its rivals UK and Germany (ifpi 2021). Despite also being Asia's largest music market, its unique structure and practices are often misunderstood internationally. While global streaming shares are exponentially growing every year, Japan is stubbornly resisting the transition to such services. In fact, over 70% of Japan's recorded music revenues are still accounted for by physical sales, compared to 11% in the US (see Appendix A). To put the impact of physical sales into perspective, Japan is responsible for $2.7bn out of the $5bn in global physical sales, making Japan by far the most prominent physical music market. What makes this market so drastically different from all other markets is that most Japanese listeners remain loyal to the CD format, while the world has chosen streaming as the primary way of consumption. The penetration rates for streaming in the Japanese market are about half of that of the US or Europe.

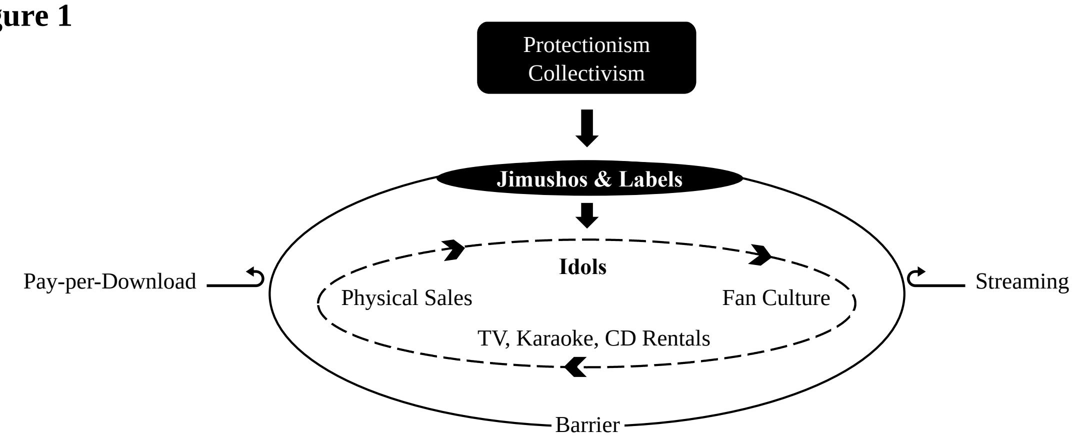
Another unique characteristic is that the Japanese music industry is dominated by artist management companies, called Jimushos, as opposed to major record labels. One of the main obstacles for consumers to adapt to streaming is that these Jimushos keep withholding new and popular music, predominantly making only their back catalogue available. However, as CD sales are slowly declining, an industry that lags behind by about ten years in terms of digital transition is facing immense challenges, as recent growth of digital formats cannot offset the drops in physical sales, given it still accounts for over 70% of the total Japanese music revenue, compared to 19% in global terms. Although the transition from ownership to streaming is accelerating, there is a long way to go for digital sales to gain parity with their physical counterpart.

2.2.2 Reasons for Low Technology Adoption

As previously mentioned, only three academic pieces of literature have been published that explain Japan's slow transition toward digital music consumption. Boleat (2011) argues that the intense fandom and unique loyalty towards artists explain the over-proportioned high sales of CDs, as by doing so, these fans get the impression of 'breeding' their favourite artists. Manabe's (2016) explanation is twofold. For one, he concluded that Japan's slow adoption of high-tech smartphones made it difficult for streaming services to reach the mainstream consumer, as their phones did not have the capacity to stream music. Second, he states that the artist management companies withheld their music rights from distribution on iTunes and later on the streaming services. Thereby, only back-catalogue songs that were either old or not widely popular were made available, which apparently damped the consumer's interest. Cerqueira (2018) similarly concluded that the artist management companies act as the gatekeepers of the Japanese music industry by resisting any cooperation with the streaming providers and solely focusing on promoting physical products.

Besides those three pieces of literature, no research on the reasons for the low technology adoption within Japan's music industry has been conducted. Moreover, the given literature assesses the drivers as an isolated explanation, and not as a system with several drivers that are interconnected. Hence, we have synthesized information from several pieces of literature that explain the characteristics of the Japanese music industry wholistically and categorised them into a framework (Figure 1). This framework connects the given literature to assess all factors of this industry, and their relation to each other and puts it into the context of incumbents that establish innovation barriers and thereby prevent challengers from entering the market.

Figure 1



This ecosystem system comprises two underlying factors, protectionism, and collectivism, that were leveraged by music companies that, over the years, fully sealed the Japanese industry from any outside influence for their benefit. With 89% local content and 70% physical sales, these companies are cultural and technological gatekeepers in full control of the Japanese music industry.

Factor 1: Protectionism and Language Barriers

Inherited from Japan's colonisation of Taiwan and South Korea until 1945, Japan has long been perceived as a strictly imperialist country. Consequently, many countries established drastic protectionist measures, forbidding any sale of Japanese cultural products in their markets (Ashkenazi and Clammer 2000). As a result, Japan has fostered its own musical identity, which is deeply rooted in society. Neither American influence after World War 2 nor increased globalisation has had a noticeable impact on the demand for local Japanese music. Of the current top 200 Spotify Japan charts, only 13 songs are from international artists, seven of which are Korean (Chartex 2022). Instead, Japan's music industry adapted to the concept of cultural hybridisation to satisfy the local demand by creating the hybrid genre J-pop; Japanese pop music including certain elements of English words. Consequently, its musical identity stayed, after all, Japanese (Cerqueira 2018). The demand for regional content is consistently low, accounting for 89% of total Japanese music revenue in 2021, the same level as in 2017, according to RIAJ. This demand is also fueled by the fact that only 30% of Japanese society understands English, and as little as 2% can speak it fluently (Margolis 2020).

Factor 2: Collectivistic Yet Isolated Society

Japan is a primary example of a collectivistic culture that tends to emphasise in-group rather than individual goals, hence greatly differing from individualistic self-reliance and separation from the in-group (Triandis et al. 1988). These value orientations produce a variety of behaviours that are consistent with them (Badman et al. 2022). One side effect of collectivism is that people lose their ability for self-identification and self-expression, as social conformity is ingrained in their upbringings. However, young people especially have a strong desire to express their interests to others. Hence, in this strictly collectivistic society, music is the major form of expressing and defining one's personality. The expression of being a fan of a particular idol has become a normative means of constituting identity in Japan (Galbraith and Karlin 2012). This is especially prevalent in large urban societies like Tokyo, where 'accelerated consumerism is disintegrating people's identity, cultural references, and social bonds' (Boleat 2011).

Another unique culture-specific factor in Japan's society is the extreme prevalence of adult loneliness. A large-scale study showed that 48% of Japanese adults do not talk to anyone about their feelings of loneliness, and 57% of adults feeling loneliness say the condition is due to factors beyond their control (Badman et al. 2022). Social isolation might thereby be a factor that accelerates the desire to consume the products of an idol, as their presence on social media, TV, or any other platform can give viewers the illusion of them being personally and emotionally connected to them. In the daily routine of life in contemporary Japan, one might have more contact with a celebrity than with actual people, which is the basis for having intimate feelings towards these idols (Galbraith and Karlin 2012).

These two cultural factors, protectionism and collectivism, were the essential ingredients for Jimushos to create a self-sustaining music industry, fully protected from foreign influences. The legacy of cultural protection and lack of English skills enabled Japanese artist management companies to gain so much market share and compete against the three major record labels. Local content provided by local talent was demanded, which is exactly what these Jimushos offered and took control of right from the beginning. The collectivistic society with a high prevalence of loneliness was then exploited and monetised by recruiting, training, and then promoting young teenagers to become multi-talented entertainers that behave in certain ways that give these people the perception of social and emotional connection that they otherwise miss. Thereby, music companies have utilised idols to create an excessive fan culture that desires to consume and purchase as much as possible from these idols.

Idols

As mentioned, many people in Japan have an unfulfilled desire for self-identification and social relationships. To satisfy that desire, musicians are promoted as ‘idols’, which are essentially multi-talented personalities that are constantly seen on television shows, commercials, dramas, or at meet-and-greet events. Jimushos created a scheme of recruiting and training young teenagers to multi-talents and then supplying these to various entertainment networks. By doing so, the Jimushos own most of the music value chain, as they essentially decide who will reach mainstream popularity. Such management companies operate on a strict employer-employee basis, meaning that once an artist signs a deal, they become a regular employee. As these teenagers are unknown and powerless when they are first recruited, they sign employment contracts that transfer the executive and intellectual rights and all income streams for their future work to the Jimushos (Boleat 2011). The idolisation of the star system promotes singers as a bundle deal, where music becomes support, not the main core focus (Boleat 2011), where the image of an idol is consumed, rather than their music. This already is a substantial reason the ‘all you can eat’ streaming aspect does not suit this culture; it does not portray any form of personal connection to the idol. One of Japan’s unique attitudes and culture towards idols, as well as the immense control of Jimushos, is a group called AKB48.

AKB48 is one of the most popular female teen idol groups with a unique ‘stars you can meet’ concept, in which all members compete against each other for popularity in official, country-wide voting, which is repeated every year. For fans to participate, they need to buy a CD containing one ballot that they redeem to cast a vote for their personal favourite idol. The popularities then determine the faith of each of the 130 members, front-line centre during live performances, or supporting singer in the 6^{th} row. As fans are often so personally and emotionally involved in the success of ‘their’ idol, it is not uncommon for them to buy multiple CDs to be able to cast more votes. As votes are promoted as ‘love’, the logic is clear that one can love their idol more than others, which one expresses through purchasing multiple CDs (Galbraith and Karlin 2012). These elections are broadcast live during prime time, with an average of 19% of TV viewers watching (Matsutani 2013). The popularity is so excessive, that new merchandise is instantly sold out, people are standing in line in AKB48 cafes, and meet and greets (called hand-shake events) commonly involve around 220,000 fans. However, the tickets for these hand-shaking events are also promoted in terms of CD purchases. The group’s eighth CD came with one of 48 distinct posters that fans can collect to attend such special event. As these distinct posters are randomly bundled into CDs, for fans to collect all 48 of them, they need to buy far more than 48 separate CDs (Galbraith and Karlin 2012). While this has been an excessive form of fan exploitation, it is a very common promotional tool in Japan, even for smaller, less popular artists. Hence, idols serve as the perfect tool for Japan’s protectionist, collectivistic society and for creating a fan culture that can be monetised excessively by the Jimushos.

Fan Culture

Japan is notoriously known for its passionate music fan community, which essentially sustains this idol industry controlled by the Jimushos. Such fan engagement is deeply rooted in Japan’s collectivistic but highly competitive culture (Pastukhov 2022). Japanese fans often aim to be the biggest fan there is and desire to be personally responsible for the success of their idol. It is thereby not uncommon for artists to receive financial donations in their fan mail without ever asking for them. Many fans would also feel bad for not getting the newest limited-edition release of their favourite idol, spend Friday evenings at Karaoke Bars with friends from the fan club, and wait a whole day in line to have the chance to meet their idol in a so-called ‘hand-shaking’ event. This is one major reason streaming services have such limited success; their ‘all you can eat’ approach does simply not fit the desires of a fan who wants to personally contribute to their favourite artist’s success and wants to physically own their product to display their identity. The feeling and symbolic meaning that purchasing a physical item pertaining to an idol portray and the great value its ownership creates contribute to sustaining Japan's unique music industry. It is also exactly what fuels the power of Jimushos, as they are both the originator and distributor of idols and all their products and services.

Distribution Channels

To understand idol culture, it is crucial to understand the importance of television in Japanese society. Japan has the highest number of hours spent watching TV globally, making it the major channel for music promotion and consumption. According to a survey by RIAJ, 51% of the respondents stated they are influenced by music programs, 39% by the songs featured in soap operas/dramas, and 36% by the songs played in TV advertisements (Holroyd and Coates 2011), which is why around 70% of all commercials feature a celebrity or idol (Karlin 2012). Thereby, promotional motives in Japanese TV commercials are highly intertwined between product and artist: 'if you like this song buy this drink', but also 'if you like the drink, check out this CD' (Stevens 2012). More importantly, the variety of TV appearances reaches the fans by creating an intimacy towards the public figures. By watching them in different settings on TV, people in Japan take pride in knowing the 'actual' personality of these idols.

The other crucially important promotion channel for the Japanese music industry is karaoke. For one, karaoke allows fans to personally identify with the idol, but also to communicate aesthetic preferences and values with their friends (Stevens 2012). Second, it is a major promotional channel, as people often discover songs by actively listening to the choreographed songs of their friends. However, as most Japanese do not feel comfortable singing in English, this path is strictly closed for international acts.

Enforced Power of Jimushos to Resist Streaming Services

The outlined factors enabled the artist management companies to grow and have an unreasonable level of power over every step of the music value chain. One way they are maintaining their control is through their highly untransparent organisational structures, which are, with the exception of Avex, all privately held. Consequently, these firms have no legal obligation to reveal their earnings or information about their subsidiaries. This enables them to create a structure of loosely related small subsidiaries, which appear to be independent artist management companies. By this arrangement, the broad public is not aware of the real centralised control and power the large Jimushos maintain. This allows them to control access to hundreds of the most demanded celebrities, which in turn gives them market power in the transactional relationships between them and the media landscape (Galbraith and Karlin 2012).

Their owners or CEOs never appear publicly, and it is a Japanese consensus to perceive even the largest Jimushos such as Johnny's as a small, family-run company.

Another factor, which is highly under-analysed in the academic literature, and even avoided in the mainstream Japanese press, is the connections to the world of organised crime families such as the Yakuza. Crime syndicates openly managed and coordinated performances in the entertainment industry in the early half of the twentieth century, and Kaplan and Dubro (2012) found out that the Yamaguchi crime family was directly managing one of Japan's most iconic singers, Misora Hibari. More widespread evidence has been found in several leaked reports from the Tokyo Police Department (Marx 2012). However, such involvement is not known or discussed by the mainstream public, as the aforementioned untransparent organizational structure prevents them from making any connection to the large Jimushos. With such involvement of organised crime, conflicts are solved outside legal frameworks, and power is abused so that decisions are made outside rational market logic, which creates substantial market distortions (Marx 2012).

To prevent disruptive innovations and maintain their control and their high revenues, these Jimushos shield this ecosystem from outside influence, especially from new distribution services that might jeopardise their physical income streams. As mentioned, all Jimushos own the full range of licenses associated with all income streams of their artist, including music. Thereby, they have the power to withhold their content from any emerging platform. This is essentially the main strategy they have been pursuing over the last decade. The first large-scale streaming service was Napster Japan in 2006, a joint venture between Napster and Tower Records, the largest physical music retailer in Japan. It sparked some interest, yet Jimushos like Avex withheld all their catalogues, while Warner Japan withheld new releases and major titles. Consequently, Napster Japan had a large catalogue of Western artists, and some unknown or outdated Japanese artists and closed their service in 2010.

After several failed market entries, big international streaming services like Amazon Music, Spotify, and Apple Music are investing heavily to penetrate the market share of the second-biggest music industry in the world. While the major record labels have now opened up to streaming services, partly because they own a fair share of these companies, the Jimushos, like Johnny's, still today categorically refuse to make any of their music available on the internet (Manabe 2016). With Covid having accelerated the desire to consume digital content, it remains to be seen how these Jimushos will adapt and how much they can keep shielding their ecosystem from western technological influence.

3 Qualitative Analysis

3.1 Methodology

3.1.1 Research Design

The primary target of this qualitative analysis is to explore the perspective of incumbents in the music industry and challenge and add arguments to the framework (Figure 1). Thereby, two interviews and one survey have been conducted to establish a strong foundation for future research on this topic.

The first type of data source is two 90-minute, semi-structured interviews, with the purpose of outlining two different, complementary pieces of information on the Japanese music industry. One informant was a senior vice president of a major record label who actively managed the Japanese market. The second informant was a successful Japanese artist/idol signed to a Jimusho. As both informants are specialised, professional experts that do not work in academia, these interviews enable a more authentic view of the researched topic. Each interview was designed to depict strong and deep insights into the respective perspective, which is why the interviews were adapted to their profession, and thereby differed in the specific questions. However, the overall structure was kept the same: (1) background information on their profession; (2) open-ended questions about their view on streaming services; (3) direct questions regarding the power of the Jimushos and their experiences with them; (4) questions on their view of how Japan's music industry will evolve in the future. As mentioned, both interviews were conducted on a semi-structured basis. Thereby, a set of guiding questions was prepared, yet the subject's response was utilised to pose more enhanced questions along the way.

The second type of data source has been depicted by an online survey with only Japanese participants (n=97), which was organised into three main sections: (1) demographics; (2) characteristics of participant's music consumption; (3) factors that influenced the participant's means of music consumption. (1) Questions on demographics, such as gender, age group, or residential area, were used to depict potential connections between these characteristics and their music consumption behaviour. (2) Questions on people's music consumption have been introduced to get a more accurate view of how people in Japan are currently behaving to put the findings of the literature review into the context of the Japanese consumer in 2022. Hence, people were asked about how much Japanese music they consume, if they value physical ownership, and essentially a closed question ('Yes' or 'No') on whether they use online streaming services. Depending on this specific answer, participants were asked about the frequency of their usage of different means of music distribution (e.g., CDs, TVs, Karaoke) to assess the consensus in the academic literature that the Japanese place a high value on the three 'traditional' channels, and if they differ if people either stream or not stream music. (3) Finally, participants were asked about what factor (price, advertisement, lack of content) might have influenced their decision of whether to consume music via online streaming services.

As the extent to which each factor has influenced one's music consumption behaviour is intrinsically unobservable and hence not directly quantifiable, an average 5-point Likert scale was utilised (see Appendix C). While these types of questions offer many benefits in qualitative research, several challenges can arise, which will be outlined in the limitations chapter.

3.1.2 Sample and Data Collection

The expert interviews were conducted to assess the music industry's most active players: the labels and the artists. Hence, the first interviewee is a senior vice president of one of the major music record labels specialising in Asian markets. His primary task is to represent the label's musicians internationally, which is referred to as international repertoire. He now looks back at over ten years of experience in the Japanese music market and is still highly involved in growing the footprint of his label in this region, which undoubtedly makes him an industry expert. The interview was held in German and was later translated into English.

The second expert interview was held with a successful idol who has worked in the Japanese entertainment industry for over a decade. Her primary activities are voice acting, singing, and acting, and she regularly performs live shows across Japan. Her fanbase is predominantly male, and they are incredibly loyal to her as a brand. Thereby, most of her musical income comes from CDs, merchandise, and ticket sales, which she heavily promotes via social media. Hand-shaking events are also a regularly used promotion channel for her, as fans can win tickets for these with a purchase of a CD or other products. She is currently signed to a traditional Jimusho, which she referred to as *'a small, independent'* one, and has a full-time personal manager assigned to her by this agency. These characteristics of her profession fit this research topic perfectly, and she can thereby be perceived as an artist industry expert. The interview was held in Japanese and was later translated into English.

120 survey participants were primarily gathered for this research by convenience sampling, collecting the contacts that were closest to hand. The challenge in the collection was to fulfil the purpose of this research; only Japanese participants could be collected. To do so, a method called snowball sampling has been used by which family members and friends in Japan

were initiated to find participants in their existing social groups (Brickman Bhutta 2012).

Out of the initial 120 participants, 23 were eliminated due to inconsistency or incompleteness. For instance, some participants who initially answered that they used streaming services in the closed 'yes' or 'no' question also indicated that they 'never' used streaming services in the question regarding the frequency of use of different music distribution channels. Others skipped several questions or answered all questions in under one minute, which implies inconsiderate answering.

As illustrated in Appendix B, the remaining 97 survey participants were predominantly male, young, and living in suburban areas. The 25 – 34 age group was strongly dominant, followed by the 18 – 24 age group, constituting 53% and 24% of all participants, respectively. Gender was slightly skewed towards males with 55 participants, compared to the 42 female participants. Sixty-five participants indicated that they live in suburban areas, followed by 21 from rural and 11 from urban areas.

3.2 Results

3.2.1 Music Consumption and Fandom in Japan

The ifpi (2021) and RIAJ (2022) data state that over 70% of Japan's recorded music revenues are accounted for by physical sales, compared to 11% in the US. While these market numbers cannot be argued, they can be challenged if these reflect the actual consumption behaviours and preferences. The SVP of the record label believes that, although the physical shares are in decline, these types of products are Japan's historical expertise: '*They were leaders of portable CD players, and they were the leaders of the Walkman. However, they are really bad at digital products.'* The Japanese idol, however, states that she was not aware of how little the share of digital sales is as, '*most of my friends frequently use online music streaming',* yet also mentioned that '*my main source of income is selling CDs and live shows, not streaming'.* Thereby it seems that there is a strong disparity between usage and revenue generated from streaming. The generated survey data might contribute some insights into how the Japanese are currently consuming music. Supporting Cerqueira's (2018) argument that the Japanese music identity is highly domestic, the majority of respondents indicated that they mainly listen to Japanese music. Survey data also revealed that participants often use YouTube to consume music, regardless of whether they use streaming services. While literature often claimed the importance of CD rentals and karaoke, at least in terms of frequency of usage, survey data did not confirm this finding. Answers to average monthly spending on music were clearly skewed towards the lower end, mainly around ¥1,000. This result might be perceived as a contradiction to the prior characterisation of Japan as a music market that predominantly sells CDs, which are sold at fixed retail prices of JPY3000 (~USD 25), yet around one-third of respondents also stated that they very much like to own CDs. Either way, it seems that the Japanese consumer, both from the standpoint of the interviews and the survey, is not fully disinclined to use digital music products.

Another focus of the literature review has been the extraordinarily unique fandom of artists in Japan. Accordingly, the Japanese fan often aims to be the biggest fan and desires to be personally responsible for the success of their idol. Pastukhov (2022) explained the phenomenon by referring to Japan's collectivistic but highly competitive culture and arguing that this leads to excessive fan loyalty and self-identification through the consumption of idol-related products. The SVP similarly responded that he has '*never seen more loyal fans than in Japan'*. He adds that the Japanese fan is '*the most loyal fans in the universe'* and '*fully committed to supporting their favourite musicians, but they also expect commitment back. You can't enter the market, play a few shows, and then disappear for a year'*. Thereby, he argues that *'music in Japan is like a relationship with the fan'*. The fan needs to be assured that they can *'regularly experience their artists live, with regular content, in any form'*. He emphasised that *'these fans want to see you grow, and they contribute financially'*, which in his opinion, requires showing these fans what they want, which is *'every aspect of your career and private life'*.

From an artist's point of view, it seems like this fan engagement is the determinant of a successful career. The Japanese idol explained that this form of fan support is called 'Oshi' (directly translated as to 'to push'). '*The more Oshi you get, the more successful you are. What they want is to know me as a person, and yes, they want to feel like I care for them'*. She explained that she acts accordingly in live shows and hand-shaking events and how that is translated to more sales: '*I act cute, blow kisses and tell them how much I love them. Directly after, they go to the merchandise stand and compete against each other on who loves me more by buying so many t-shirts, CDs, posters, etc.*'. For her, this excessive Oshi towards idols is a clear result of a high prevalence of loneliness, in line with the literature of Boleat (2011) and Nordström et al. (2022): '*People are living miserable lives in Japan, to Oshi someone is their whole purpose of living'.* She mentioned that she is still a smaller, upcoming idol but knows several instances where fans '*buy 100 CDs at once'* to support their idol. Hence, there is a distinctive consensus on this topic between literature and expert interviews. The survey questions on how many different artists the participants regularly listen to resulted in an average of around 5-10 musicians, which can be interpreted as a tendency towards supporting a limited number of artists instead of enjoying the music of many different ones.

3.2.2 Power of Artist Management Companies

The oligopolistic, and perhaps even gang-like, autocratic power the Jimushos enforce on the market is one central argument in the literature. Scholars outlined how every aspect of an idol's career and even private life is controlled and regulated by contracts, ownership of all music rights, and even emotional pressure (Boleat 2011; Galbraith and Karlin 2012; Kiuchi 2017). The interviewed idol's view on Jimusho's power is rather neutral, yet highly compelling. On the question of whether the Jimusho-owned idol system is unfair to smaller, independent artists, she politely disagreed, '*there are people who can make music just by being signed to a regular music label*' but then also argues that '*only those who get pushed by these Jimushos can reach mainstream fame*'. Similarly, the interviewed SVP emphasised broadly speaking, it is '*impossible to reach mainstream success without the help of these Jimushos*'. Regarding her relationship with her Jimusho she believes to have '*lots of freedom*', yet follows some ground rules, '*driving a car or a bike, or publicly showing my boyfriend is not allowed'*. That, despite these rules, she perceives her situation as freedom is quite revealing for this industry.

3.2.3 Reasons for Low Streaming Penetration

Cerqueira (2018) argued that Japan's strong musical identity is deeply rooted in its collectivistic and protectionist identity due to its long imperialistic history (Ashkenazi and Clammer 2000). The SVP describes it as a '*culture of shutting down or shielding it from other influences*.' that could also be applied to Japan's corona politics: '*just last week they have opened up their borders, half a year after all others did it*'. He argues that '*this "shielding off" is something they have inherited over generations. That's why they want to consume so much domestic Japanese music, instead of international acts'*. He explains how this strong domestic identity influences his work of promoting international artists in Japan, '*you can't promote our music there in English. They just don't want it, even when they can speak it'*. Moreover, he emphasised how the Japanese notice small nuances in language and how many fail to recognise that, '*all promotion needs to be in Japanese and have to have a Japanese vibe to them. I can't just translate it, an actual Japanese need to write it'*.

The SVP argues that the previously outlined fan loyalty is a central part of the Japanese identity and a strong determinant of their behaviour. Thereby, *'that loyalty is not only towards artists but also towards brands. That's why Apple Music is so strong there. People love their Apple products and stay loyal to the Apple brand by using their streaming service. The same applies to Amazon Music or Line Music*'. He describes this as '*interconnection to the brand',* which explains the slow and unsuccessful Japanese operations of international streaming services like Spotify, '*there has been no chance to love the brand yet. They are only a streaming service*'.

The interviewed artist describes streaming as '*a great way to be discovered, as the barrier to consuming something new and unknown is lower than it is for CDs'*. Thereby, streaming for her is '*a way to promote music, not to earn a good living'*. As she perceives streaming only as a promotional tool for smaller artists to be discovered, she emphasised that successful '*idols never have the aim to be streamed much; their number one goal is to sell CDs. Not just for the CD, but to include pictures, voting ballots, or tickets to win the entry for a handshaking event'*. Consequently, she regularly observes people who buy '*100 CDs at once. That makes so much sense for them (idols) than to get many streams'*.

Another argument of hers is that most Japanese consume music because they adore the idol, not their music. '*Streaming is for those who actually enjoy the music, but the music of idols is usually not that great. People perceive them as great because they hear them all the time on TV, radio, or in stores. But do you really want to listen to them all the time? I am not sure*'. Moreover, she firmly believes that the industry works by narrowing the gap between artists and fans, which streaming cannot offer. '*That they (idols) are getting many streams is just a side effect of really great marketing for offline products' and again, 'never the aim or goal*' of an idol.

One of the most frequently mentioned ways in the literature regarding how Jimushos oppressed streaming adoption was through the restriction of their content. While the SVP similarly acknowledges that '*Japan's labels are known to restrict their popular tracks on these streaming services'*, he emphasises that the '*exact same strategy was applied everywhere* else'. The difference, however, in his mind was that '*the consumers here were so much eager to listen to songs digitally, so the pressure towards labels was so much higher here'*.

Another primary argument for him why consumers pressured labels to open up for streaming in the US, and not in Japan, is radio. For Americans, '*the transition was smooth, also from the success of online radios such as Pandora, towards streaming, as the shift in behavior was not so drastic*'. In contrast, '*Japan has no radio culture. People commute via train, not by car, so why would they? How do they discover songs? Yes, by other channels like TV. And who is displayed on TV? Exactly, the biggest stars, 99% of which are signed to a major label that wants to restrict content on streaming platforms'*. He argues that the starting position was totally different in Japan '*the shift in behaviour was from CD to streaming, which is completely different, and that is what I see as a barrier'*. The conducted survey supports his claim, with the majority of respondents indicating to 'rarely' use radio to consume music.

Japan is a country of pride and loyalty, which also applies to employment. People are proud to work for their respective company brand and tend to commit their life to it. What the SVP observes in the American streaming services in Japan is highly different: *'I experience very high fluctuation of employees. I feel like every time I fly to Japan I meet completely different people'*. Perhaps this is a sign of how these companies operate with their American mindset and without respecting the Japanese culture, which might translate to not acknowledging the needs and desires of the Japanese consumer. *'Maybe the employees don't believe in these products themselves?*'

Another finding of the survey was that respondents seem to be highly price-sensitive when it comes to consuming music. To the statement that affordability has influenced the decision to stream music, 73.1% of those who stream music responded with either "agree" or 'strongly agree'. Out of those who do not stream music, the majority (57.8%) stated that price had been a factor in that decision.

3.2.4 The Future of Japan's Music Industry

Both ifpi (2021) and RIAJ (2022) reports predict an ongoing transformation from physical to digital in Japan, although it is delayed for several years compared to the rest of the world. One central argument for this development has been that the Covid-19 restrictions led to higher music consumption and purchases at home, rather than in physical stores. The interviewed idol, however, does not see this trend continuing, '*I feel the desire of people to go out again and meet their idols*'. A recent loosening of the restriction allows people to sing loudly at concerts again, '*people can cheer again and support their idols, which people are so grateful for. People realize how much fun it is. I think covid has really accelerated this awareness'*. Thereby, she is certain that *'the future needs to be a combination of streaming and the Japanese supporting mindset. Add value to streams that get you closer to the artist'*. One solution she can think of accelerating is that '*people who listen to an artist 1,000 times can win a ticket for a handshaking event'*. Other than that, '*just streaming? I can't imagine a scenario where that would satisfy Japan's demand for idols'*.

The SVP differs in his predictions, acknowledging that '*when it comes to streaming, they are lagging behind five to six years'*. He clearly sees declining physical sales since covid as an indicator that '*streaming is not the future anymore; it is the presence. Hate it or love it, no industry is able to flee from it anymore. Not even Japan.*' Another argument he uses why streaming will become more popular is that '*unlike in the rest of the world, you can get so much* *support and loyalty from fans, even when you are small'*. The only requirement he sees is to '*engage and give these people what they want, which is every aspect of your life'*. If this holds true, this will entail that the barrier created by Jimushos is shrinking, and that smaller artist have the opportunity to rise, both in physically and in streaming.

4 Discussion

4.1 Research Assessment

Radical, potentially disruptive innovations significantly challenge the business models of incumbents and can thereby pose a great threat to their existence. However, very little has been researched on incumbent firms that defend their existing positions by creating barriers to innovation adoption. Assessing the Japanese music industry, which is dominated by incumbents that engage in innovation-resisting behaviour, this study identifies the root cause and drivers that enabled them to do so. Based on this, we discuss how challengers can overcome the incumbent's innovation resistance, beyond the music industry.

Therefore, we have conducted a literature review on innovation, and the Japanese music industry, and synthesized these into a self-consolidated framework (Figure 1). To add further perspective, we interviewed experts in the Japanese music industry and questioned 97 participants on their music consumption. The primary target of this qualitative analysis is to explore the perspective of incumbents in the music industry, challenge and add arguments to the framework (Figure 1) and built a foundation for future scholars to conduct further research.

Overall, the literature review, the interviews, and the survey seem to be aligned with the premise that the Jimushos hold excessive power and control over the entire music value chain. Leveraging Japan's collectivistic and protectionist culture, and the resulting high demand for Japanese content, the Jimushos initially invented the idolisation of artists. This invention formed Japan's uniquely supporting, loyal fandom, fuelled by the seemingly personal connection with the idol and their personality through TV appearances, social media, live shows, and handshaking events. The Jimushos have rigorously exploited the idol system they have created by promoting physical products in any form including CDs, satisfying the desire of fans to support their idols emotionally and financially. Hence, the idols as multi-talented personalities are primarily consumed, not their music, which is much rather a by-product. This system is only profitable for the Jimushos, as long as they shield the Japanese music industry from digital innovations, which would cannibalize their profitable physical sales.

The strategy the Jimushos have enforced are twofold: (1) create untransparent organisational structures; and (2) restrict their content on streaming platforms. By doing so, the

Jimushos detached their actual market power from their name, giving them the freedom to enforce their control without the public perceiving them as abusive, powerful organisations. The restriction of content is a major example of them ultimately enforcing their market power, making the new innovation, streaming, undesirable for consumers, as their favourite music will not be made available on these new services. Jimushos have successfully protected their control of this idol industry from digital innovations with these strategies, yet survey results and expert interviews cast doubt on this continuing. Ironically, the main reason is the unique idolisation of artists these Jimushos initially created. The desire to support idols reaches way beyond the scope of the mainstream idols these Jimushos control so that smaller artists, like the one interviewed, can benefit from it. What this entails is that as long as the artist or idol can create an intimate, strong engagement, he or she will be supported by fans. While it is still unlikely to reach mainstream success without a Jimusho, social media, YouTube, and potentially streaming can liberate new artists to build their own fan base.

Despite underlying reasons, such as local demand or initial content restriction of Jimushos, it appears that one of the major reasons for low streaming penetration is that foreign streaming services did not effectively adapt to the Japanese market. The sole focus on the ‘all you can eat aspect of streaming does not tap into Japan’s desire to feel emotionally connected to an artist. Both surveys and interviews suggest that these companies need to become more customer-centric; enabling fans to feel as if they support their favourite artists as they need to have more value received from these services than just the unlimited music library. As drawn from the literature review, innovation has to be perceived as useful in solving a specific problem (Ajzen 1991). Only then will the consumer demand be so strong that the incumbents (Jimushos) can no longer maintain their restricted business and liberalise the market to both independent artists and streaming services providers.

These findings both support and challenge our framework. They acknowledge the significant impact of Jimushos, the root cause that enabled them their power, and the ecosystem they have created that is fueled by the promotion of physical sales. It also supports the fact that the barriers these incumbents created are deliberate acts of restricting challengers to introduce their innovations to the market. The findings from the interviews however add the perspective on how the unique fandom, created by the Jimushos, can be an enabler for innovation and liberalisation of the market for new artists and streaming services. Hence, it shows how incumbents might be able to resist innovation and uphold barriers for a significant period of time. Yet once the root cause and the desire of a market’s demand are identified, challengers can create a benefit for the consumer that prevails over the incumbent’s innovation barriers.

4.2 Practical Implications

While this thesis primarily aims to highlight a research gap, a few practical implications can be drawn from the example of the Japanese music industry. First, challengers that want to enter a market dominated by innovation-resisting incumbents should identify the root cause of their market power. In our music example, it has been a collectivistic and protectionist society that engages in loyal fandom as a means of self-identification. Challengers should adapt their innovation to satisfy these underlying drivers, even more than the incumbent’s outdated offering. This entails an obsessive customer-centric approach, that does not force one’s business model onto a market. Second, challengers and governments need to be aware of potential strategies incumbents enforce that create market distortions, jeopardising a free market. These can range from establishing untransparent and complicated organisational structures, for instance, in form of subsidies with apparent independence, to abusing ties to organised crime. Thirdly, challengers need to have a degree of patience for their success in these restricted markets. As these incumbents have established themselves in the market, customers are used to their type of offerings and hence have a long, loyal relationship with them. For instance, Amazon does not have the most innovative platform, yet everyone uses them because consumers are used to their offering and brand. The barrier for customers to try something new is much higher than in regular, more open markets. Our research has also revealed how these barriers are rather a medium-term strategy, and that incumbents will not be able to maintain these for a longer period of time. Hence, incumbents should follow a two-way strategy and simultaneously establish actions to use the threatening innovations for their own benefit. Only then can they sustainably shield their market from challengers, and maintain their market power. In the case of the Japanese music industry, the incumbents could adapt and create their own streaming service that connects the innovation of subscription-based music content and the desired engagement between fans and idols. By doing so, the purpose of the barrier would not be restricting innovation any longer, but a market entry barrier, that would make it even harder to for others to challenge their market position.

4.3 Limitations and Future Research

Firstly, the purpose of this thesis is to build a foundation for future scholars to research widespread innovation resistance. The qualitative approach of both the conducted interviews and the survey is not aimed to make causal claims and hence restricts any statistically significant conclusion to be drawn. Thereby, the results of this research are not objectively verifiable. Future research should test our framework empirically to identify cause-and-effect relations.

Secondly, the snowball sampling method has been used to recruit survey participants, which raises the question of representativeness and heterogeneity. Thus, the sociodemographic is skewed significantly toward the 25 to 34-year-old age group that predominantly resides in suburban areas. Thereby, we propose that future scholars should include broader, more diversified, and hence heterogeneous samples. Moreover, additional methods of participant recruiting should be used, such as leveraging professional social media like LinkedIn, partnering with a company to recruit their employees, or using monetary incentives for people to participate in the survey.

Thirdly, although a sample size of 97 survey participants suggests a significant database, the split in respondents depending on whether they indicate to use streaming services may have impacted representative results, as, consequently, only ~ 48 participated per subcategory. Thereby, future research should question a larger sample to ensure more reliable, representable results to be collected to help scholars, companies, and the government better analyse the dynamics of a highly centralised market that resists innovation adoption

Fourthly, a substantial number of answers tended to be either 'neutral' or 'sometimes' which were the middle answer choice in the survey. These may have been subject to the neutral responding bias, which is the tendency of participants to choose a neutral option. Future research can adapt the survey with a more diverse set of questions, beyond the 5-point Likert scale, which makes repetitive, similar responses more unlikely. Moreover, incentives, such as Amazon vouchers can be given for participants to diligently answer the questions.

Lastly, we have depicted learnings from the Japanese music industry and derived conclusions and implications for incumbents and challengers in general. However, as we thereby only studied one single context, the question of generalizability arises. Hence, future scholars should focus on assessing if these findings also hold in other contexts.

While this study adds to a growing pool of knowledge on a complex subject involving innovation and human behaviour, the main purpose is to highlight the growing importance of further research to define successful strategies to overcome barriers that powerful companies or governments might set for their benefit, regardless the benefit of the society. As companies get evermore powerful and monopolistic, the threat of self-centred resistance might grow. Climate change can be another instance where companies collectively resist the adoption of innovations to protect their business model and high margins, although the technological capabilities exist. Thereby, we firmly believe in the importance of future research quantifying our assessment and adding further business implications.

4.4 Conclusion

Japan is recognised as the world's second-biggest music market, yet has successfully resisted the shift towards digital services, while all other markets have long been adapting to these. Arguments of innovators' dilemma or psychological biases that fail to recognise the potential of innovation can thereby not be applied. It seemed that it is much rather a deliberate act of protecting an industry that prospers from high physical sales and protects it from opening the market to digital solutions that consumers all over the world have shown to be demanding. As most literature revolves around incumbents that fail to innovate rather than a collection of companies that restricts the innovation adoption of an entire country, the Japanese music industry serves as an example to analyse the root cause and drivers of such innovation resistance.

A qualitative analysis based on a literature review, survey data, and expert interviews has been conducted to establish a foundation for future scholars to narrow down this research imbalance. Thereby, it became evident that artist management companies, called Jimusho, fully exploit their market dominance by restricting innovations, as digital services are perceived as a threat to their business model that is highly dependent on physical sales. Both surveys and interviews have, however, also revealed that the Japanese are increasingly willing to consume music digitally, as long as they can live out their loyal, supporting fandom towards idols. Although this fandom is currently predominantly focused on the mainstream idol that is signed to a Jimusho, this research suggests that digitalisation enables smaller, independent artists to manage their own fan engagement and prosper as well. While Jimushos and their untransparent, autocratic idol system are certainly the main barriers to streaming, the foreign streaming providers have not effectively captured Japan's demand for fan-artist engagement. The implication is that innovators need to fully understand the root cause of consumer behaviour and incumbents' market power. By doing so, innovations can be better adapted to the unique demand and empower smaller, independent artists and music labels to prosper without associating with a Jimusho, which would create a more competitive Japanese music industry. Our findings also imply that innovation barriers cannot be pursued as a long-term strategy. Hence, incumbents should similarly assess the actual root cause of the consumers' desire and adapt their products or services, which can be a more sustainable barrier towards challengers.

Future scholars should further analyse the results and the concluding assumptions with heterogeneous samples to further widen the research on this increasingly relevant topic of collective innovation resistance while considering the indicated limitations.

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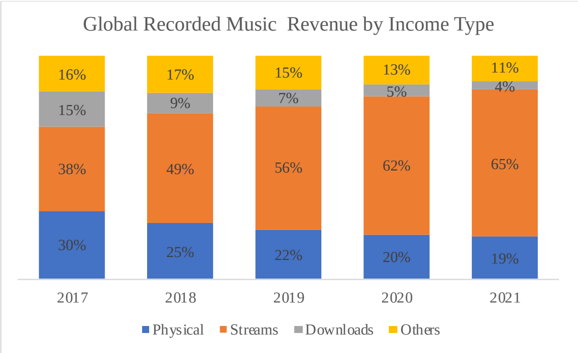
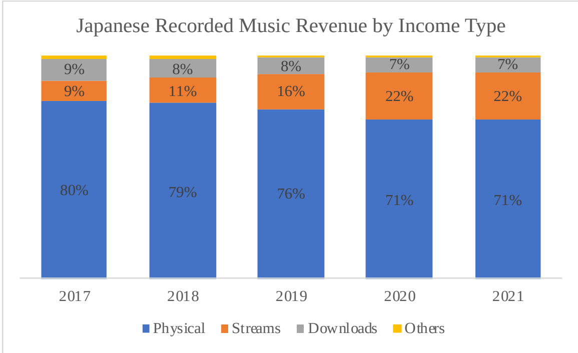
Appendices

Appendix A: Music Industry Revenue Share Comparison





Appendix B: Frequency Table of Sample Sociodemographic

Variable		Frequency	Percentage (%)	Mean
Gender				
0	Male	55	56.7	0.43
1	Female	42	43.3	
Age Group				
0	18 – 24	23	23.7	1.02
1	25 – 34	52	53.6	
2	35 – 44	19	19.6	
3	45 – 54	3	3.1	
4	55 – 54	0	0	
5	> 65	0	0	
Residential Area				
0	Urban	11	11.3	1.10
1	Suburban	65	67.0	
2	Countryside	21	21.6	

Appendix C: Frequency Table of Music Consumption Behavior

Variable		Frequency	Percentage (%)	Mean
How much of the music you listen to is Japanese?				
0	0%	2	2.1	2.65
1	20%	10	10.3	
2	50%	22	22.7	
3	80%	49	50.5	
4	100%	14	14.4	
To how many artists do you regularly listen to?				
0	<3	12	12.4	1.85
1	3 – 5	16	26.8	
2	5 – 10	24	24.7	
3	>10	35	36.1	
How much money do you spend per month on music?				
0	< ¥1,000	79	81.4	0.33
1	¥1,000 – ¥2,000	10	10.3	
2	¥2,000 – ¥3,000	3	3.1	
3	¥3,000 – ¥5,000	4	4.1	
4	> ¥5,000	1	1.0	
Is physical ownership of products from your favorite artist important to you?				
0	No	63	64.9	0.41
1	Yes, I like to own CDs	28	28.9	
2	Yes, I like to own Merchandise	6	6.2	
Are you currently using any music streaming service?				
0	No	45	46.4	0.54
1	Yes	52	53.6	

Appendix D: Frequency Table of Channels of Music Consumption

(Of those who indicated that they stream music)

Variable		Frequency	Percentage (%)	Mean
Streaming Services				
0	Never	2	3.8	2.31
1	Rarely	11	21.2	
2	Sometimes	15	28.8	
3	Often	17	32.7	
4	Always	7	13.5	
Youtube				
0	Never	1	1.9	2.92
1	Rarely	4	7.7	
2	Sometimes	9	17.3	
3	Often	22	42.3	
4	Always	16	30.8	
Purchased CDs				
0	Never	20	38.5	1.02
1	Rarely	19	36.5	
2	Sometimes	8	15.4	
3	Often	2	3.8	
4	Always	3	5.8	
Rented CDs				
0	Never	40	76.9	0.33
1	Rarely	8	15.4	
2	Sometimes	3	5.8	
3	Often	1	1.9	
4	Always	0	0	
TV				
0	Never	13	25.0	1.23
1	Rarely	20	38.5	
2	Sometimes	14	26.9	
3	Often	4	7.7	
4	Always	1	1.9	
Karaoke				
0	Never	22	42.3	0.87
1	Rarely	20	38.5	
2	Sometimes	6	11.5	
3	Often	3	5.8	
4	Always	1	1.9	
Radio				
0	Never	19	36.5	1.19
1	Rarely	14	26.9	
2	Sometimes	11	21.2	
3	Often	6	11.5	
4	Always	2	3.8	

Appendix E: Frequency Table of Factors That Influenced People to Stream Music

Variable		Frequency	Percentage (%)	Mean
Affordability				
0	Strongly Disagree	1	1.9	2.81
1	Disagree	1	1.9	
2	Neutral	12	23.1	
3	Agree	31	59.6	
4	Strongly Agree	7	13.5	
Variety of Japanese Content				
0	Strongly Disagree	0	0	2.69
1	Disagree	1	1.9	
2	Neutral	20	38.5	
3	Agree	25	48.1	
4	Strongly Agree	6	11.5	
Variety of International Content				
0	Strongly Disagree	0	0	2.48
1	Disagree	7	13.5	
2	Neutral	19	36.5	
3	Agree	20	38.5	
4	Strongly Agree	6	11.5	
An Advertisement from a Streaming Provider				
0	Strongly Disagree	2	3.8	2.29
1	Disagree	8	15.4	
2	Neutral	19	36.5	
3	Agree	19	36.5	
4	Strongly Agree	4	7.7	
An Advertisement from an Artist/ Idol				
0	Strongly Disagree	4	7.7	1.98
1	Disagree	1	21.2	
2	Neutral	20	38.5	
3	Agree	16	30.8	
4	Strongly Agree	1	1.9	
My Friends				
0	Strongly Disagree	6	11.5	1.79
1	Disagree	16	30.8	
2	Neutral	15	28.8	
3	Agree	13	25.0	
4	Strongly Agree	2	3.8	
I like to try out new Things				
0	Strongly Disagree	2	3.8	2.25
1	Disagree	8	15.4	
2	Neutral	19	36.5	
3	Agree	21	40.4	
4	Strongly Agree	2	3.8	

Appendix F: Frequency Table of Channels of Music Consumption

(Of those who indicated that they do not stream music)

Variable		Frequency	Percentage (%)	Mean
Youtube				
0	Never	2	4.4	2.82
1	Rarely	2	4.4	
2	Sometimes	10	22.2	
3	Often	19	42.2	
4	Always	12	26.7	
Purchased CDs				
0	Never	12	26.7	1.42
1	Rarely	12	26.7	
2	Sometimes	13	28.9	
3	Often	6	13.3	
4	Always	2	4.4	
Purchased Vinyl				
0	Never	36	80.0	0.36
1	Rarely	3	6.7	
2	Sometimes	5	11.1	
3	Often	1	2.2	
4	Always	0	0	
Rented CDs				
0	Never	28	62.2	0.56
1	Rarely	11	24.4	
2	Sometimes	4	8.9	
3	Often	2	4.4	
4	Always	0	0	
TV				
0	Never	10	22.2	1.49
1	Rarely	12	26.7	
2	Sometimes	14	31.1	
3	Often	9	20.0	
4	Always	0	0	
Karaoke				
0	Never	21	46.7	0.82
1	Rarely	14	31.1	
2	Sometimes	8	17.8	
3	Often	1	2.2	
4	Always	1	2.2	
Radio				
0	Never	18	40.0	1.09
1	Rarely	12	26.7	
2	Sometimes	8	17.8	
3	Often	7	15.6	
4	Always	0	0	

Appendix G: Frequency Table of Factors That Influenced People Not to Stream Music

Variable		Frequency	Percentage (%)	Mean
Lack of Popular Content				
0	Strongly Disagree	8	17.8	1.67
1	Disagree	9	20.0	
2	Neutral	18	40.0	
3	Agree	10	22.2	
4	Strongly Agree	0	0	
Lack of Japanese Content				
0	Strongly Disagree	8	17.8	1.42
1	Disagree	16	35.6	
2	Neutral	16	35.6	
3	Agree	4	8.9	
4	Strongly Agree	1	2.2	
Price				
0	Strongly Disagree	0	0	2.87
1	Disagree	3	6.7	
2	Neutral	8	17.8	
3	Agree	26	57.8	
4	Strongly Agree	8	17.8	
Rather Rent CDs				
0	Strongly Disagree	12	26.7	1.29
1	Disagree	14	31.1	
2	Neutral	14	31.1	
3	Agree	4	8.9	
4	Strongly Agree	1	2.2	
Rather buy CDs				
0	Strongly Disagree	11	24.4	1.71
1	Disagree	6	13.3	
2	Neutral	16	35.6	
3	Agree	9	20.0	
4	Strongly Agree	3	6.7	
I Consume Music via TV				
0	Strongly Disagree	14	0	1.56
1	Disagree	3	31.1	
2	Neutral	17	6.7	
3	Agree	11	37.8	
4	Strongly Agree	9	24.4	
I Don’t want to Support Foreign Companies				
0	Strongly Disagree	15	33.3	1.02
1	Disagree	17	37.8	
2	Neutral	11	24.4	
3	Agree	1	2.2	
4	Strongly Agree	1	2.2	
I Have Security and Privacy Concerns				
0	Strongly Disagree	8	17.8	1.76
1	Disagree	10	22.2	
2	Neutral	15	33.3	
3	Agree	9	20.0	
4	Strongly Agree	3	6.7	