



Lady Gaga: Born this way?



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"¹². 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 said¹³.

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"¹⁴.

Getting Close to Fans

From her studies of art and popular culture, Lady Gaga understood that being good as a singer or performer was not enough. Her performances as a teenager showed a talented girl with a singer-songwriter vibe to her. However, to stand out within the industry, Gaga understood that she had to do something original and fresh. At this time she met writer and producer Rob Fusari who had worked with artists such as Destiny's Child, Britney Spears and Jessica Simpson. He encouraged her to create a more poppy, electro-disco sound to appeal to a wider audience, and helped create the moniker Gaga, after the Queen song "Radio Ga Ga". The pair were also romantically involved during this period, and became business partners in May 2006 when they created a joint venture called Team Love Child LLC to promote her career. Fusari's share was 20 percent.

Lady Gaga came to think of herself as a performance artist. This made her too unconventional and theatrical for most record labels.



Virgin Records declined her and Island Def Jan dropped her after just three months. Despite this setback, she was determined to be famous.

At about this time she met two other important people: the talented producer RedOne and DJ Lady Starlight. Starlight, who describes herself as a “rock’n roll DJ, fashion stylist, writer and performance artist” influenced Lady Gaga stating: “My style, performance art and djing inspired her persona. I was also one who told her to take off her pants because I rarely wore any myself.”¹⁵ They started a show called Lady Gaga and the Starlight Revue, with raunchy outfits, go-go dancing and neo-burlesque stage acts.¹⁶

In 2007 her boyfriend and mentor Fusari sent the songs he produced with Gaga to his friend, producer and record executive Vincent Herbert who was quick to sign her to Universal Music’s Interscope Records. She credited Herbert as the man who discovered her, adding “I really feel like we made pop history, and we’re gonna keep going.”¹⁷ Shortly after signing with Interscope Records, her personal and business relationship with Fusari ended.

Gaga has been acknowledged by many within the music industry as one of the the first pop stars to have truly built her career through the Internet and Social Media. From early-on, she had a way of communicating with her fans using the Internet. She set up a YouTube Channel and Facebook page, and started talking to her fans. She is an active Twitter user, communicating directly with her Twitter followers on average five times per day. With close to 10 million Twitter followers and more than 15 million Facebook friends by early 2011, she had built an online fan base larger than the populations of many countries. She has evolved a unique relationship with her fans, addressing them as her “Little Monsters”. She draws upon being the weird girl in class and gives the message that the fans are okay the way they are. She has gone so far as tattooing her fans’ pet name “Little Monsters” on her arm.

Technologies such as Twitter, Facebook and MySpace have created platforms for “mass-intimacy”, but often this intimacy does not work, because followers know that communication is not directly intended for them as an individual person. But Gaga has demonstrated the unique ability to imitate this intimacy. For example during concerts she tweets messages to her audiences so that people in cheaper seats still have the feeling they receive a personal interaction. She also typically announces her new singles and albums directly to her fans – even before the media is informed. When she learned that she had been nominated for 13 separate awards at the 2010 MTV Music Video Awards, the highest number of nominations ever for a single artist, she tweeted to her fans:

"13 VMA noms lil monsters. Breakin records+breakin rules. I love you, you Bad Kids are a part of me. PAWS UP! #VideoMonsterAwards."

In a subsequent press statement she declared: "I'm so honored for all the little monsters and self-professed freaks of the universe, to have more VMA nominations in a single year than any artist in MTV history. Ironically, I'm even more proud it's an unlucky number: 13...A long time ago, the world told me and my little monsters we would never be heard. Together we changed the rules."¹⁸ At the Las Vegas leg of her Monster Ball tour she prohibited professional photographers at the venue, and instead endorsed the viral dissemination of her concert images and videos via her fans.



Lady Gaga also broadcasts a weekly series of video diaries called Transmission Gagavision on her own website, and regularly posts new video material on her official YouTube channel. Worldwide, YouTube remains the biggest platform for viewing videos online. In 2010 it accounted for 43 per cent of online videos watched in the top three European markets (UK, Germany and France), or some 8.7 billion videos watched per month. In the US YouTube accounts for 39 per cent of all videos viewed online.¹⁹ In 2011 Lady Gaga was consistently one of YouTube's most downloaded musical artists, averaging more than 85 million views per month, and had accrued a total number of more than 1 billion views in a less than three years. Many of Lady Gaga's music videos appear custom-made for the online world,

having extended introductions that extend the complete clip to eight or nine minutes in duration, compared to the typical four minute clips produced for television.

All of Lady Gaga's videos clips are free to view or download on her own website and YouTube, but if fans want to buy her tracks as audio files they are directed to online music stores such as Amazon or Apple's iTunes. In 2009 the worldwide bestselling track online was *Poker Face* by Lady Gaga, selling 9.8 million units.²⁰ Some industry insiders believed that Gaga's close interaction with her fans explained her significant sales through services such as iTunes, even though many of her audio tracks were quickly pirated and could be downloaded illegally. Said one industry expert: "Maybe Gaga points a way to the future – to make your fans your trusted friends. After all, who steals from their friends?"

Another example of her approach to get exposure is the controversial video of her song "Alejandro". Even before recording the video, she managed to create a hype around it by talking about what it was (not) going to be about, who she wanted to be in it (Little Britain star David Walliams and his supermodel wife Lara Stone) and who was going to be directing it (Steven Klein, who has done a lot of work for Madonna²¹). A teaser was released both on the Internet and through the television show Larry King Live a week before the official release. The video premiered on June 8th 2010 on her official website and the official Lady Gaga channel on YouTube, and in the first nine months had been watched more than 200 million times. The video created further awareness because of the use of religious imagery, for which the Catholic League has criticized Lady Gaga. Madonna had done this in the 1990s, but it still seemed to work for Gaga.

Lady Gaga carefully protects her internet image, and it is very difficult to find clips of less than favorable performances from her early years. She has been helped by the support of celebrity blogger Perez Hilton. From the early days, Hilton posted positive comments about her. He continuously supported her, creating another outlet for her music videos. In an interview in early 2011 Lady Gaga alluded to her aspirations in film, saying that she believes she is "destined" to be on the silver screen at some point. In May 2011 she attended the Cannes Film Festival, and was rumored to be in discussions with internationally acclaimed film director Quentin Tarantino about a forthcoming movie role. During the festival Gaga was seen with Tarantino and some of his close friends from the movie industry, including Brad Pitt and Angelina Jolie.

Standing Out

Unlike many pop stars, Lady Gaga is recognized by music industry insiders to have real talent. She is known to never lip-synch during performances, and also writes many of her own songs. She has written songs for the Pussycat Dolls, Britney Spears and the New Kids on the Block, among others. She has a reputation as a perfectionist, with her eye on every little detail, and she really wants to have control. In addition, she works extremely hard to accomplish her goal. Her life, she says in every interview, is

dedicated to her fans. She is married to her work, she has no time for any personal distractions. She will take Christmas Day off — and spend it with her parents — but otherwise she works nonstop. She has claimed to have no time to meet, or even think about, boyfriends.

Lady Gaga works with a group of people (she refers to them as close friends) that became known as the House of Gaga. You can't be quite sure who is part of the House of Gaga (adding to the mystique), but this group of artists, designers and creatives travel with Gaga on tour and help her realize her musical vision, design her clothes and act as a sounding board. These people are influential in the implementation of Gaga's idea of performance art. Says Gaga: "They're all young kids who dropped out of school, and most of them were with me from the beginning. Everyone around me knew what I wanted to do, but nobody thought it would become as big as it has become, or as big as they tell me it's become."²² Only a few official members of the House of Gaga are known: Nick Dresti (DJ Space Cowboy), Lauri-Ann Gibson (famous choreographer) and art director Matthew "Dada" Williams.

When her mentor Rob Fusari first saw her, he was allegedly shocked. He saw a small, slightly overweight girl in a chaotic combination of clothes. She does not have the looks of a stereotype American pop star, probably an important reason for shifting the attention to her extreme outfits. She has a unique style with outrageous outfits. In her music and her clothes, she draws inspiration from Grace Jones, Madonna, David Bowie and Queen. As Lady Gaga has stated herself: "I know I have an uncommon look, and not being a natural beauty, so I have to come with something different".

Her style has caused a lot of controversy, adding to her fame. She always has a way of getting headlines:

- Her lyrics contain (obvious) reference to (bi)sexuality: "I'm bluffin' with my muffin" (Pokerface) and "I wanna take a ride on your disco stick" (Love Game). In interviews she has said she doesn't consider sexual orientation in general. For conservative America, this is quite unsettling;
- Christina Aguilera has allegedly copied her style of dress and song in her MTV Video Music Award performance of 'Keeps getting better'²³. After this performance online feuds between the stars' fans started on who copied who. In all this fuss, Lady Gaga did not criticize or get drawn into negative debate;
- The controversy between Christina and Gaga hit another level when Christina said in an interview for the Los Angeles Times: "This person [Lady Gaga] was just brought to my attention not too long ago. I'm not quite sure who this person is to be honest. I don't know if it is a man or a woman. I just wasn't sure." Again, Lady Gaga responded positively: "I don't take offence to it. I'm inspired by androgyny and David Bowie and Grace Jones." For her, it wasn't a big item, but it sure was for the press.
- The man/woman discussion came back when interviewer Jonathan Ross asked her about it, and Gaga replied "I do have a really big donkey dick";
- She changes her clothes several times a day, often sporting a different outfit arriving at an airport and then boarding a flight; she changes costumes up to twenty times during a typical concert;
- Lady Gaga often carries around a purple teacup and saucer for drinking her signature ginger tea. The teacup and saucer get plenty of media attention;
- Performing her track *Paparazzi* at the MTV Video Music Awards in 2009, she ended the set dangling above the stage in gauzy white La Perla lingerie, horrifying her audience as fake blood gushed from her bosom.
- She wore a dress made of raw meat to an MTV Awards ceremony where she accepted the award of 'Best Video' for 2010.

These headlines cause the continuous hype around Gaga, and in today's internet boosted era these controversies and scandals circulate around the world very fast. A Google news search for "Lady Gaga" from January-December 2010 provides some 103,000 English language news stories mentioning her name, compared to fewer than 79,400 stories for Madonna and 37,200 stories for Beyonce.

Lady Gaga keeps changing and focusing on 'strange' things, thereby generating interest from a public that

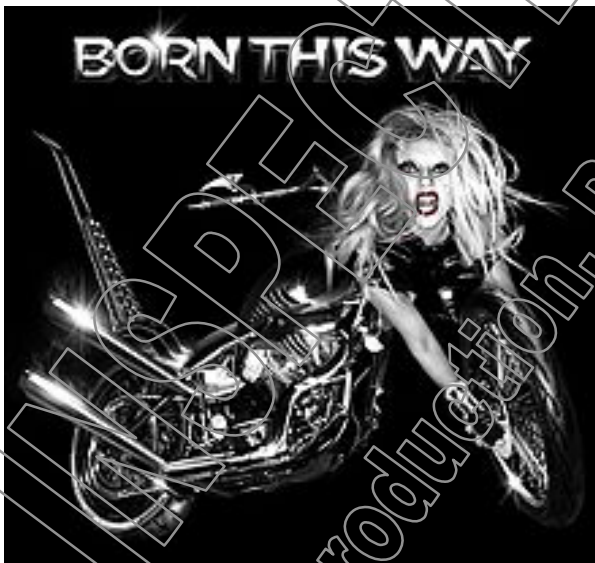
seems increasingly hungry for gossip. She has projected new elements of her persona, on average, every six weeks. Her style is extraverted and shocking, and Gaga sees her image as something plastic and states with every incarnation that this is the way she really is. Since mid 2009 she has had no fewer than 18 releases (including singles and albums) with each release projecting a new cover image of Lady Gaga herself.

Keeping Momentum

Lady Gaga performs almost every night. She takes every opportunity she gets. She is obsessed with performing and making music, and also with the accompanying artistic life (which even led to a brief cocaine addiction). She is acknowledged by many within the industry as one of the most hard-working artists of her time. She has a reputation of living for her music - she doesn't own a home and her fame and hectic work schedule have made it difficult to maintain a relationship.

In 2008 her debut album "the Fame", including singles "Just Dance", "Paparazzi" and "Poker Face", was released and sold over fourteen million copies worldwide. The album resulted in two Grammy awards for best electronic and dance, another one of best dance recording for the single "Poker Face" and followed by her first world tour: the Fame Ball concert tour. In 2009 the same album won three MTV music awards out of a total of nine nominations further increasing the development of her career.

Her second album "The Fame Monster" was released in 2009 followed by her second world tour, the "Monster Ball Tour" which continued until May 2011. The second album was an even bigger success for Lady Gaga by winning eight MTV music awards out of a record number of thirteen nominations in 2010. The album received six nominations for the 2011 Grammy awards, and won three.



Gaga announced via Twitter the release dates of her new album *Born this Way* and its lead single at the stroke of midnight on New Year's Day 2011. Supplementing this announcement came a black-and-white photograph in which Gaga is nude from the waist down, with her hair blowing about, and sporting a jacket with *Born This Way* emblazoned in what looks like bedazzled jewels. She tweeted her selection for the album's cover art in April, which featured Gaga fused into a motorcycle. Gaga's name does not appear on the album cover – the only text is the chrome writing across the top reading the album's name. Gaga promised that it would be the album of the decade, and said: "It's really written by the fans, they really wrote it for me because every night they're funneling so much into me. So I wrote it for them. *Born This Way* is all about my little monsters and me, mother monster."²⁴

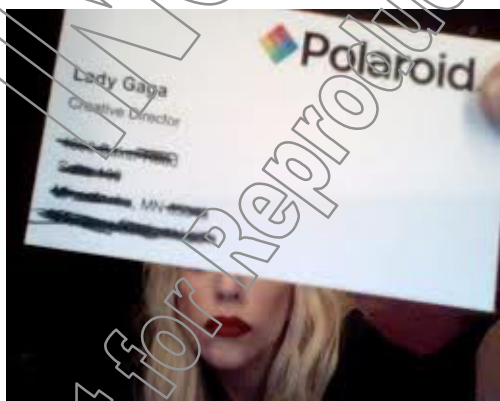
Mainstream promotion for *Born This Way* began through a performance at the 53rd Grammy Awards on February 13 in Los Angeles where she performed the album's title track and first single "Born This Way". Before the performance, Gaga was found "incubating" on the Red Carpet. She was encased in a translucent material that was said to be an embryo, which she came out of on stage during the beginning of her performance. She was dressed in a skin-colored outfit with noticeable protrusions coming out of her face and shoulders. Towards the end of the performance, she began playing an organ before singing the end of the song.²⁵ "Born This Way" became Gaga's third number-one hit in the United States, appearing atop the Hot 100 and breaking several digital sales and radio records. The track set a new iTunes speed record becoming number one top selling in less than three hours, passing the one million sales mark in just five days. In addition to success in the United States, the song debuted within the top 5 in more than 23 countries, and achieving number 1 in 20 of them.²⁶

Lady Gaga reinvents herself by unashamedly using symbols and items from other famous artists. She claims to be inspired by David Bowie, Madonna and Prince. She started with eccentric costumes, but nowadays she is a trendsetting icon and designers like to dress her. She has a close interest in the haute couture fashion industry, and Alexander McQueen, Peggy Bundy and Donatella Versace have inspired her various looks. In March 2011 she appeared as a catwalk model at Paris Fashion Week for the brand Mugler which is under the creative direction of Nicola Formichetti, who is also Lady Gaga's stylist. Formichetti said that working with his "best friend" was "so much fun, we were like kids together at the fitting earlier." He explained that he wanted "to bring back fantasy to the brand."²⁷ Gaga's appearance on the Paris catwalk was covered by online, print and television media around the world.

Gaga leverages buzz by sharing the limelight with other, mightier entertainment brands than her own. "There's an art to fame," she once said. In October 2009 she appeared on *Saturday Night Live* with Madonna, where the two of them, dressed in matching dominatrix gear, tussled in a mock catfight (and near kiss). Gaga has also teamed up with other music stars like Beyoncé on the "Telephone" and "Video phone" singles, and with older stars like Elton John with whom she sang a duo at the 52nd Grammy awards. In April 2011 Elton John officially confirmed that Lady Gaga is his son's godmother. In an interview with his husband David Furnish by his side, he discussed his decision to name Gaga godmother to their son, Zachary. "Yes, yes she is. When you get to the real person under there, there's a real simple person under there who loves her parents," he explained.²⁸

Lady Gaga is also active in social issues. She is a member of Human Rights Campaign's "National Dinner" and marched in the 2010 "National Equality March" for equal protection of LGBT (Lesbian, Gay, Bisexual, and Transgender people). In the same year she donated more than US\$500,000 to the Haiti earthquake reconstruction fund, and just hours after the earthquake and tsunami hit Japan on 11 March 2011 she launched her own fundraising effort. She tweeted a message to her millions of followers with a link to a Japan Prayer Bracelet that she had designed and put on her online store, saying that 100% of money from sales of the bracelets would go to Japan relief efforts.²⁹ The bracelets raised US\$1.5 million within just two weeks.³⁰ "I'm inspired that my little monsters banded together to help those affected by the terrible tragedy," Gaga said.

Also in 2010, Lady Gaga signed a contract with Estée Lauder's MAC cosmetics, launching a lipstick range and becoming spokesperson for the company's Viva Glam AIDS awareness campaign. Lady Gaga and Viva Glam donate all profits from her lipstick range to the MAC Aids Fund. Less than a week into its launch, the lipsticks created by Gaga outsold any launch in Viva Glam's 16-year history. According to Estée Lauder Group President John Demsey, the launch day of her Viva Glam lipstick ad campaign alone generated nearly 20 million unique views in traditional media, including print and web buys and an appearance on "The Today Show," as well as an additional surge of social-media hits per Gaga's tweets to her fans.³¹



the new generation, one in which there are no limitations to sharing creativity through photography, both physical and digital."³³

Since mid 2010, Lady Gaga has also been active in the for-profit corporate world. She has been appointed creative director at Polaroid, which resulted in the introduction of the Polaroid Grey Label Line in Las Vegas in early 2011³². The goal of the Polaroid Grey Line is to enable people to share their self expression through creativity, instant sharing and fashion (one of the products being sunglasses with built-in camera). "The Polaroid Grey Label line embodies the Polaroid brand, with an injection of the future-looking fashion and design mantra of Lady Gaga that simply can't be replicated", said Scott W. Hardy, Polaroid's President. "It represents Polaroid innovation for

In early 2011 Lady Gaga announced a distribution deal with US retailer Target, which included giving the store an exclusive expanded CD edition of her forthcoming album *Born This Way*. But Target had been criticized for donations to political groups seen as anti-gay, and Gaga later cancelled the deal allegedly due to the company's weak support for gay rights. "Part of my deal with Target is that they have to start affiliating themselves with LGBT charity groups," Lady Gaga told *Billboard* at the time of the announcement. "Our relationship is hinged upon their reform in the company to support the gay community and to redeem the mistakes they've made supporting those groups."³⁴

The Business Model

Despite a tough industry environment, regulations to prevent piracy and innovations by the music industry itself saw trade revenues for record companies from digital channels grow by an estimated six per cent in 2010, to total US\$4.6 billion. By end of 2010 there were more than 400 licensed digital music services worldwide, with some 13 million tracks licensed to these services.³⁵

Digital channels accounted for an estimated 29 per cent of record companies' revenues in 2010, compared with 25 per cent in 2009. This was proportionately more than double that of films (5%) newspapers (4%) and magazines (2%) combined. Download sales of single tracks increased by an estimated 10% in 2010 to more than 1.5 billion units. Digital albums grew more strongly, up by an estimated 20%.³⁶ So despite some tough years, and still suffering from piracy, the digital music business was seen to have huge growth potential - if the industry's companies and artists could find ways of monetising their creativity.

Lady Gaga is a living example of the new business model of the 21st century music industry- what the industry calls the "360 deal" in which music companies share a proportion of revenues from every aspect of the artist's business. Lady Gaga is one of the first major artists to have been launched under this model, with a portion of her income from all of her different commercial activities shared with Interscope Records. Says Tom Corson, executive vice president and general manager of RCA Music Group, a rival to Gaga's label: "It's not just about great songs. In the best-case scenario, it's a full multimedia package."³⁷

Diverse new ways to access music are also developing rapidly, such as subscription services; devices and broadband bundled with music; streaming services with applications for mobile devices; advertising-supported services that upgrade users to paid-for premium offerings; and online music video. Many music companies are also partnering with advertising-supported services such as Spotify, Deezer, MySpace Music and We7. On YouTube, Lady Gaga's videos include pre-roll and post-roll advertising, with the bulk of the money made from ads going directly to Interscope³⁸.

Although Lady Gaga has a contract with Interscope Records, she appears to be very much in control. Troy Carter, Founder & CEO of Coalition Media Group and worldwide Manager for Lady Gaga since 2007, has described their dynamic as "95-5." "The only thing I do is manage the vision," he said. "Ninety-five percent of the time I won't comment on creative, and 95% of the time she lets me run the business. The other 5% is where we debate about things like, 'Do you really want to bleed to death on stage at the [MTV] VMAs?' She wins even when we do have those debates 5% of the time."³⁹ In the words of Steve Berman, Universal Music's president of sales and marketing. "When you're dealing with someone as good as Gaga, a lot of it is how to stay the fuck out of the way...Gaga has worked tirelessly in keeping up daily if not hourly communication with her fans and growing fanbase through all the technology that exists now."⁴⁰

Dyana Kass, who heads pop-music marketing for Universal, has teamed with marketing firms like Flylife for Gaga's outreach to the gay community, and ThinkTank to supplement her online efforts, but otherwise lets Gaga maintain a hands-on relationship with her fans and marketing empire. "Lady Gaga has truly turned culture on its head and has done so from the ground up on her terms," she said. "You can't buy that kind of authenticity, and as a result the demand for her involvement in projects is staggering."⁴¹ In Gaga's own words:

*"When I came out it was, 'Oh, she's attention-seeking!' Or, 'She's trying too hard', or 'She wants to be noticed', whereas the very nature of performance art is that it wants to be noticed, so everyone's kind of missing the point. But now I actually feel that I'm in a space where they're not missing the point, because I've never let up and I've never sold out. There is never a moment that you see me that I'm not working towards something creatively. For me, it's very simple: I'm not going to allow you [the media] to portray me in a way that is your idea of what you think I am. I know who I am and — praise the Lord! — I'm a real artist. Why is this bad thing? But now I have a lot of fans and they're spreading the book of Gaga around the world."*⁴²

Troy Carter, added that he doesn't want Gaga to ever look like she's endorsing a brand, hence why she's created products for Universal's Beats By Dre headphones line, Viva Glam and now Polaroid as its new creative director. "You won't see her face plastered on any packaging or anything. We're comparing it to when Tom Ford went to Gucci or Steve Jobs went into Apple and brought a different thought process and taste level in. We're looking for her to do the same exact thing at Polaroid," he said. "It's not about her putting her name on something, it's reinvigorating a brand."⁴³

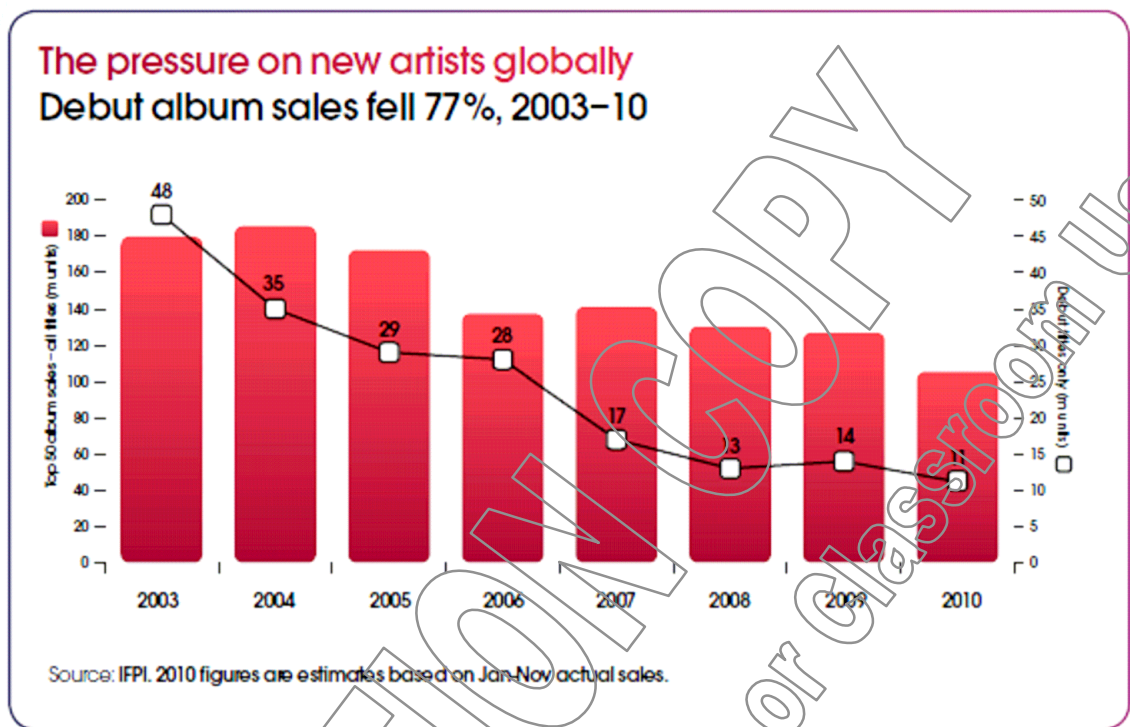
Born this way?

Who is Lady Gaga and how did she become a superstar? Was she 'Born this way'? Gaga, who took her name from Queen's song "Radio Gaga", gets this question very often but her answer is consistent: "I was and I am a freak, a maverick, a lost soul looking for peers." Some music critics and social commentators have claimed that the uniqueness of Lady Gaga seems a stark contrast to the times we are living in. In these times of financial crisis, terrorism and wars, Lady Gaga seems an eccentric and extravagant distraction who wants everybody to dance.

Whatever the case, Lady Gaga seems to have made shrewd use of new digital platforms, while still leveraging the clout of a major record label, an institution deemed obsolete by many proponents of do it yourself music. In 2010 she earned a total of US\$62 million for Interscope, according to *Forbes* magazine, and the publication forecast her earnings potential at US\$100 million or more for 2011. Within just a few years her total income is expected to exceed the total lifetime earnings of rock veteran such as U2 and AC/DC.⁴⁴

Lady Gaga represents a new kind of music industry contract which is all about creating fame in a very short period, and she goes far beyond just selling records to encompass everything from touring, creative consultancy and brand-licensing. But can this business model be sustained and replicated by the music industry, and what will come next for Lady Gaga?

Exhibit 1: Debut Album Sales 2003-2010



Source: International Federation of the Phonographic Industry

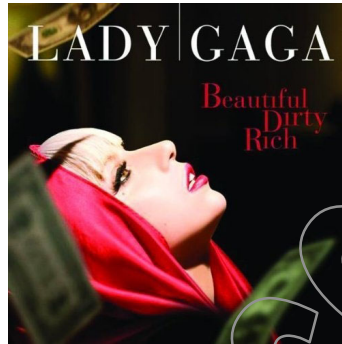
Exhibit 2: Lady Gaga Fashion Statements



Exhibit 3: Selection of album and single covers in chronological order:



04-08-2008⁴⁵
Like Madonna



09-16-2008
Glamorous 50's



10-28-2008
Cool



03-31-2009
Vamp



05-12-2009
SM



10-26-2009
Shy



02-09-2010
Little Princess



05-18-2010
Innocence



08-03-2010
Victorian

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Endnotes

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