Research and Innovation Podcast

ILPC Episode 2: Why the music industry won't be "Uberized"

Speakers: Dr Charles Umney and Dr Dario Azzellini.

[00:00:00] **Charles:** Welcome to the Research and Innovation podcast. My name is Charles Umney. I'm an associate professor here in the Work and Employment Relations division at Leeds University Business School. And I'm here with Dario.

[00:00:16] **Dario:** Hello, welcome. My name is Dario Azzellini and I'm a researcher, and a professor at Zacatecas university in Mexico.

[00:00:27] **Charles:** And today we are going to be talking about some research we've been doing recently, roughly based on a paper we published last year, which was called, "Why isn't there an Uber for live music? The digitalization of intermediaries and the limits of the platform economy". Dario, perhaps you'd like to start.

Why don't you tell us a bit about the context for this paper? So obviously, at the moment, there's a huge literature and a rapidly expanding literature on what is often called the platform economy. From your perspective, what does this mean? And how do you feel we were trying to kind of intervene in this discussion with this work?

[00:01:05] **Dario:** Well generally we have all these literature about platforms for business. Or mainly business and managerial literature, which tell us platforms are the future. Everything is going to be platformized. And if you don't get platformized, then you have no future as a company, et cetera. And there's a lot of research, which concentrates mainly on the big players, like Uber and maybe some of the food delivery platforms, but there's no real empirical background for all these claims that the platforms will take over everything. So the idea was let's look at a sector that seems very prepared for platformizing, which would be the live music sector, and we chose the UK and Germany because they are respectively, after the US, the second and third biggest live music market with like volume of 2 billion, $2.1 billion ticket sales a year. We want to have a look and just look "Okay. What about this narrative that is there about platforms? Is it true or not? What about this music sector?" And, obviously, Charles was a big part because he worked earlier on the music sector and the music platforms in different contexts.

[00:02:33] **Charles:** Yeah, exactly. And what's really interesting about the narrative Dario describes about platforms, is that platforms remain a relatively marginal presence in a lot of labour markets. So in the paper we talk about some of these statistics - Krueger and Katz found in 2017 that only about half a per cent of American workers identify customers through an online intermediary.

Wallenstein et al (2019) found that really only between one and 4% of workers in the US, Japan and Europe, see platform workers as their primary source of income. So it remains quite a small presence. But if we look at the sociological literature on work and employment, it's become an absolutely huge presence.

So for us, something that's kind of missing in the literature is more reflection on what are the limits to the platform economy? We know a huge amount now about it's affects, its consequences, but there's been much less attention given to the factors which might limit platforms as a kind of

technological organizational model, what factors might prevent occupations from being Uberized or platformized if you like. And there are some relatively limited explanations for this already.

So in the more kind of managerial literature, if you like, some of which have become very kind of evangelist about platforms. You know, platforms are amazing, you know, the explanation for why there aren't more is often simply that people haven't realized how great they are, so this is one relatively safe, official explanation, but you know, entrepreneurs are just too slow to realize how they could platformize what they do.

There's a kind of a more critical explanation focused on things like resistance, you know, so workers tend to resist the platform model and that, that might hinder it and there's others as well. But what for us was really missing was a focus on the characteristics of particular occupations, particular labour markets.

Because in our view and what our study of live music shows is that there are often characteristics, aspects of different occupational groups, different labour markets, which make the platform model very difficult to implement. And this implies that yes, while the platform economy might be growing, that growth is likely to be contained within quite important limits, which we're trying to examine here with reference to live music.

 So basically, what we did was we did a systematic review of different types of live music intermediaries in the UK and in Germany. So we used one of the most popular search engines and developed a list of terms that we envisioned someone would input if either they were a customer or a client looking to hire live musicians, like either for a hotel chain, or an events company, or even like a private individual looking for a band at their wedding or something like that.

And also search terms that a musician might use if they were looking to find work. So things like a music agency, live music agency, live music work, things like that. And we went through huge amounts of search data, using a very long list of different combinations of search terms.

And we kept a database of every intermediary firms. So every website that was offering to help match buyers of live music with acts themselves. What we found was that the role of platforms in this landscape was very, very limited. So on the one hand, we divided into what we call function music, so where music is essentially part of the service industry, you know, so musicians are playing as background at a wedding or at a hotel or something like that.

And we also identified what we call kind of original music, where people are trying to build a name for themselves as an artist, playing original music in their own rights. Now, very often it's the same individuals who were doing both of these. You know, people will be trying to build a name as an original artist, but they will kind of support that income through perhaps playing in function bands, things like that.

And in the results from this systematic review of intermediaries supplemented by sort of 15 to 20 interviews with the selected intermediaries themselves, we found yeah, very limited evidence of platformization, which to some extent was surprising because live music, on the face of things, is a sector where we might expect to be relatively receptive to platforms because within the wider music industry, this was one of the earliest sites of platform experimentation. If you think about things like Napster, MySpace, things like that, which had a huge impact on recorded music.

It's also a sector where there's a huge kind of oversupply of labour. A lot of people working, desperate to find work and often doing so in very, very casualized, informal low-paid conditions, all of which would tend to suggest that platforms could make headway.

But they didn't. What we found in function music was that there were very few platforms. There were a lot of what we called, digital intermediaries, which are essentially like online directories. So you can go, you can use a series of dropdown menus to say, well, I want a band playing country and western music on this date, in this region, and that would give you a list of potentially thousands of acts, which you can browse through. But all of the transactions are very heavily person-centred. You know, there's no automation to the same extent as you would expect with a platform. It's much more sort of discussion-centred.

You only use the electronic interface to identify a band. And from there on you go over email or phone, to negotiate prices. So it retains, a huge amount of in-person oversights. So these aren't really platforms, despite the fact sometimes they describe themselves as platforms, but in original music we find some things which do resemble platforms because they enable the entire, they are genuine multi-sided markets, which enable the entire transaction to be automated, but they appeared to be very kind of weak, a very weak presence in markets, they offered only very, very, kind of low-quality marginal work.

And they didn't appear, despite sometimes attempting to do so to be able to kind of crack higher value, more sort of prestigious areas of the labour market. So they were confined to the margins.

[00:11:16] **Dario:** Let me just, to make an example of that. I mean, we looked at 168, I think, different websites of supposed, well platforms, which like Charles described, were not really platforms. The real platforms among these 168 entries were like, 13, that we could really classify as platforms.

And then again, if we go in this original music, just to make an example is Gigmit, like the, supposed to be the biggest one in Europe, it's based in Berlin, and it's offering 60,000 artists in its directory. And supposedly matching concerts all over Europe. The image they create is actually that, I mean, you see like a band playing in a big open-air festival in Hungary or something, Budapest like on the, on the first page.

So it suggests like you sign up with us and then you become a star. You become a rockstar and a… But in the end, they don't have concentrated numbers. So you look all over the internet, then you find an interview where a CEO then at a certain point gives you some numbers about the revenues and how many concerts and et cetera.

And if you do the math, you find out that like one out of five bands got a gig over the past, like eight years, of the bands they have listed. And they earned an average of 363 euros per gig, which makes it very obvious that it's not working as a job-guaranteeing machine for the bands and musicians.

But also that the segment where they're operating is a very low quality and low paid segment. And the interviews we did with real agents also then discovered that, for example, they get contacted a lot by these websites, asking them for collaboration to get on the platforms, like more quality music, and the agents will do it and they explain also the whole process behind in, in kind of organizing a tour of a band, it's something that these websites cannot, do. And even with this volume, like of

60,000 listed artists et cetera, they have 0.2% of what, like the revenues of the German live music ticket market is, and like the big one, the official one.

So, so we see that, like Charles said in this sector, it doesn't really work and out of like, yes, the complexity and several other reasons.

[00:12:38] **Charles:** So we concluded that platforms were remaining a very marginal presence and we went on to discuss some reasons why that might be and specifically we argued that because firstly, judgments of value, assessments of value in live music are so subjective and can't really be reduced convincingly to quantitative measures, which you would need to platformize them.

Secondly, because the market is so fragmented, you know, there are very different kinds of live music which require very different priorities, different types of buyers, different market criteria, different ways of assessing value, different price structures, which made it very difficult to kind of unite all these different kinds of work into one place. And also because the task itself is so complex and kind of resists unbundling, if you like.

When you book a live music act, you have all sorts of other things to think about. For example, food, travel time, waiting time, whether there's any specific repertoire, all of this stuff requires qualitative negotiation and can't be sort of reduced to an automatic transaction. So those three limits we argue make the platform model very difficult to implement in live music and where similar factors are present elsewhere we might expect other sectors to be resistant to the platform model as well.

And so finally then what does it actually mean? What are the implications of what we're suggesting here? There are two main implications for this. So, firstly, very directly, there are implications for music work, the music industry.

So while we argue that platforms were a very marginal presence, certainly it was also the case where we did have, particularly in function work, these very large online agencies where you could connect with thousands of bands through dropdown menus, ort of search. You could sort them in order of price. There still has an effect. You know, it has kind of a, if you like a disciplinary effect on musicians, it forces push down prices by intensifying, the kind of level of competition they have to take part in. Bands will upload things and they'll suddenly see that actually we're on this list of people and everyone is displaying their prices and that reallly puts strong pressure on people to try, when bands come up top in searches by reducing their price. So we did see, in some cases, bands kind of offering like a four-piece band for, 125 pounds, something like that, which if you factor in the amount of time it takes to do, for example, the average wedding gig, travel time, waiting time, is probably some way less than minimum wage.

So, these things do have problematic implications, but the second set of implications, the second set of research findings, is for wider scholarship on platforms.

And we see this as perhaps the more important part, because what we're trying to do with this study, is understand what organizational factors, what characteristics of a particular market, are likely to limit the applicability of platforms as a technological and organizational form. And we think live music's a good example of that.

If you're interested in finding out any more about what we've been talking about, you could have a look at our paper, which is in New Technology, Work and Employment. It's called "Why isn't there an Uber for live music? The digitalization of intermediaries and the limits of the platform economy".

[00:16:28] **Dario:** Thank you for listening everyone.

[00:16:29] **Charles:** Goodbye.