

Lesser known artists benefit from being on YouTube but the industry suffers, research finds

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Lesser-known songs benefit from their presence on YouTube, research from Vienna University of Economics and Business has revealed.

But, for current hit releases, free availability on user-generated content platforms leads to fewer clicks on other platforms.

As user-generated content platforms such as YouTube and TikTok have become immensely popular, policymakers in the US, Europe, and other countries are considering stricter regulations for sharing content on these platforms.

According to the study, stricter regulation may also have unintended consequences.

Nils Wlömert, professor at the WU Institute for Retailing & Data Science, and his co-authors conducted a study to analyse how music that is freely available on platforms like YouTube affects demand for the respective artists' content on other, more lucrative streaming services like Spotify.

The results show that lesser-known songs benefit from their presence on YouTube. For current hit releases, however, free availability on user-generated content platforms leads to fewer clicks on other platforms.

And, according to the researchers, this can have a significant effect on the broader industry: The results of the study show that weaker demand for hit releases on other platforms, such as Spotify, has a significant impact on the revenues of the music industry.

Even though these hits only represent a small fraction of the content offered, they generate a large proportion of the total revenues.

"It's important that policymakers keep a close eye on the potential impact that stricter regulation of user-generated content platforms may have," Nils Wlömert points out. "Such regulation could limit the diversity of the content that's available to users, and, as an unintended side effect, it may increase market concentration by limiting the reach of lesser-known artists.

"Against this background, it's very important to find a balanced approach to regulation in this area to ensure that in addition to copyright considerations, the interests of artists and fans are also taken into account," says Nils Wlömert.

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Detailed research results and further information

Wlömert N, Papies D, Clement M, Spann M, 2023. The Interplay of User-Generated Content, Content Industry Revenues, and Safe Harbor Provisions: Quasi-Experimental Evidence from YouTube. Marketing Science, forthcoming.

For more information, a copy of the research paper, or to speak to Nils Wlömert, contact Jonny Stone at jonny@bluesky-pr.com or call 01582790704.