



Monopolisation in the live music industry

The study of a possible monopoly and its consequences
in the Dutch live music industry

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Masterthesis Cultural Economics & Entrepreneurship

Erasmus University Rotterdam

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Abstract

In this research we'll take a look at the monopoly of Live Nation in the Netherlands. This monopoly has come to existence through the vertical integration of other companies such as Mojo Concerts. To examine this monopoly, we'll use four sub-research questions aimed at discovering the developments in the music industry, the strength of Live Nation and the similarities between Live Nation's situation and standard economics. The results show a different impact of Live Nation on bookers, promoters and venues. As these three intermediaries all have a different relationship with Live Nation and its subsidiaries, three different conclusions are created. For venues, the impact of Live Nation is almost non-existent at this moment, however, this might change in the future as Live Nation continues to grow. For bookers, the impact of Live Nation is greater, as Mojo controls an important market of the Dutch live music industry. Thirdly, the promoters experience the most impact of Live Nation, as they communicate with all the subsidiaries of Live Nation in the Netherlands. As promoters can compete with Mojo, book certain venues of Live Nation such as AFAS and can use Ticketmaster as their ticket seller. Although the impact of Live Nation can be big on these intermediaries, it seems unlikely that Live Nation will become a monopoly who can showcase monopolistic behaviour in the near future. This monopolistic behaviour seems unlikely as the services Live Nation and their subsidiaries supply, are rather easily imitable by other companies that want to enter the market. In the end, the only one who really has the monopoly is the artist. Through the ongoing trend of globalisation, more and more markets are become accessible for the artists to perform. This benefit the income of the artist, and supports the only monopoly in the live music industry, the artist's one.

Keywords: Monopolization, live music, Live Nation, vertical integration, market leader, music preferences, festivals, music artist, uniqueness

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Introduction

When I'm finishing this research the summer is starting, and that means the festival season is starting. After a year of study, listening to music and occasionally seeing an artist in concert, the summer is the time to see these artists perform outside at a unique event. So almost every year I look for a festival to go to and to rejoice a variety of music performances with friends. The first time I visited a festival some friends invited me to join them to Lowlands, a three-day music and performing arts festival in the Netherlands. But as my interest in music and music events grew I started to look for other festivals myself. An example of what I discovered was the hip hop festival in Tilburg called Woo Hah. As I went there for the first time in 2015 it was a rather new event. I visited the second edition of the festival, and back then it was a one day programme with approximately 6.000 visitors. The third edition was already twice as big, and in the year 2018 the fifth edition will cover a programme of three days with even more visitors. Woo Hah has become one of the largest hip hop festivals in Europe. Such an enormous growth in the middle of a market with more than nine hundred other options is impressive and made me wonder why this festival could develop at this rate while others stay roughly the same size.

Woo Hah is co-organised by Mojo, who also organise a lot of concerts and other festivals such as Lowlands, a festival I have also visited. As I did some more research, I stumbled upon the existence of the multinational Live Nation, who own different stakeholders in the live music industry across the world, as well as the ticket seller Ticketmaster. Ticketmaster is another party I encounter frequently when buying music tickets, as they seem to be the ticket seller of most of the events I want to attend. This omnipresence of Live Nation made me wonder what the impact of such a multinational would be on the market and on other organisers of events. Also, would such a company impact the festivals and live music in general in such a way that I couldn't enjoy them anymore?

As I wanted to combine my interest in the live music industry with my previous study in business economics, I looked for an economic focus while researching this topic. An economic point of view which I saw fit to use was the impact a monopoly could have on a market. The influence of a monopoly tackles a broad range of different problems in standard economic issues. In the United States, there were a lot of critical writings mentioning the impact the merger between Live Nation and Ticketmaster could have on the music industry. For example, the fact that the companies before the merger already had an enormous market

share that would only increase when the companies would come together (Pascrell, 2018). Also, the claims that rising ticket prices were the result of Live Nation's monopoly where vast (Sisario & Bowley, 2018). As the ticket prices of concerts and music festivals are also increasing in the Netherlands (Molenaar & Kakebeeke, 2018), the following research question has been chosen for this research:

What is the impact of vertical integration and monopolization in the live music industry on other intermediaries in the Netherlands?

This research question was chosen to see if the implied consequences in standard economic theory of monopolization, as well as the voiced concerns in the USA on the growth of Live Nation were also true in the Dutch market. However, instead of focusing on ticket prices and the end product for the consumer, this research will focus on the market for competitors. Is it possible to survive and are they still able to compete in the shadow of such an enormous market leader as Live Nation.

This research is important as the United States court order prohibiting Ticketmaster for ten years to retaliate against venues who switched to another ticket seller, at the time of the merger in 2010 is close to expiring (Sisario, 2010). As this court order ends in one and a half year possible large changes may lie ahead in America, and consequently in the Dutch market as well. Moreover, the American Department of Justice is currently investigating the unlawful behavior of Live Nation pressuring venues into using Ticketmaster. The presence of a specific artist performing at their venue would be dependent on the use of the services of Ticketmaster (Aswad, 2018).

To better explain the research and answer the research question, this paper is divided into a number of different components. Starting with the literature review I distinguish two different parts. On the one hand I will discuss standard economic literature and its predictions of the impact of a monopoly. On the other hand I will go into a description of the (live) music industry and Live Nation's role in it. I choose this kind of division as it reflects the two distinct worlds meeting in this study. After the literature review the methodology of gathered data will be discussed. In the third chapter the findings of the research will be presented and analyzed. Ultimately, the research will be summarized in the conclusion and possible future research about this topic will be proposed.

1 Theory

1.1 The music industry

To understand the live music industry, one has to start examining the recorded music industry. As audiences at concerts are interested in an act, after previously listening to it, or similar acts, from a recorded piece of music. In preceding decades, pre-recorded music was predominantly listened to on LP's, compact cassettes and CD's. Although some people still use these forms to listen to recorded music, the most common form of consuming music these days, is in the form of digital files and streaming. The way consumers listen to music, has an impact on the live music they consume. Therefore, it is important to start this literature review with an overview of the recent developments in music in general.

The earlier mentioned change from LP's and CD's, to streaming all the music in the world through sites such as Spotify and Apple Music, has changed the availability of music and the listening habits of listeners. Where formerly someone had to physically purchase a copy of an album in a store, nowadays listening to an album or song has become more accessible, as you can find and listen to it online. This could imply more advantageous preferences of consumers as they can try new acts and genres without the financial investment of buying the album. Furthermore, the price of 'storing' music online is almost non-existent for suppliers such as Spotify, who are able to have a broader and more varied catalogue of music, than their brick-and-mortar competitor. This change has given more alternative acts with a smaller following, the change to financially sustain themselves as they can attract a larger audience from all over the world without the economic burden of brick-and-mortar stores on their income. Hence, a greater diversity of songs and acts has become available to the consumer, also known as the 'long tail', as shown in Figure 1 (Anderson, 2004). In this figure, the difference between a brick-and-mortar store (Wal-Mart) and an online music seller (Rhapsody) is depicted using music availability (Anderson, 2004).

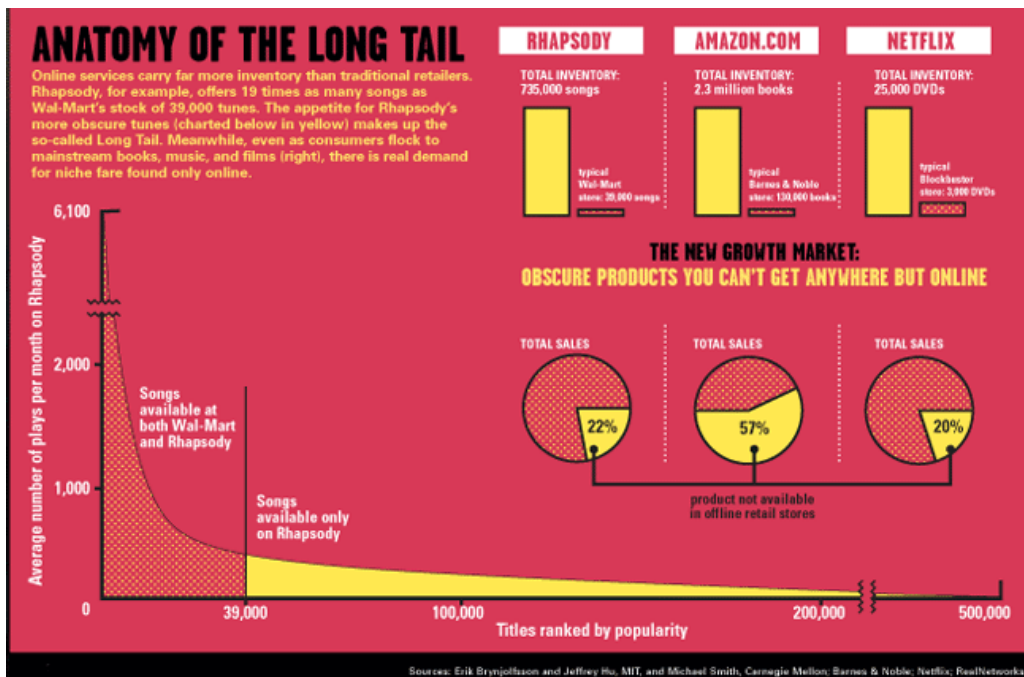


Figure 1: Long tail (Anderson, 2004)

This change of availability of all kinds of music, has also impacted the notion of ‘mainstream’ and ‘underground’ music. Before the internet and streaming, there was a clear distinction between mainstream music and underground music. This difference was created by gatekeepers such as TV and radio, who created the popular, widely available mainstream with programs such as the British ‘Top of the Pops’, opposed to all the other music, roughly belonging to the underground category.

Although this dividing line can still be made, the transition has become more transient and sometimes hard to distinguish. The blurring of these definitions is important for live music, as more alternative acts can now participate in more popular events and are no longer bound to the alternative circuit in order to maintain their ‘underground’ status.

Opposed to this positive view of the ‘Long tail’, diversifying music and preferences of consumers, there is also the theory arguing the exact opposite. This theory, sees the globalization and the availability of one type of music to the entire world as a way to create ‘superstars’. These ‘superstars’, can become larger than they could before and are even oppressing local music scenes, as people could prefer to listen to the popular widely known international act instead of the local act (Adler, 2006). This could be explained by consumers basing their preference on others instead of independently choosing their music, this is also known as herd behaviour (Banerjee, 1992).

These changes in the way consumers listen to music could impact the recorded music industry. However, this research focusses on the live music industry and the monopolisation of Live Nation, therefore, I'll introduce the first research question:

Sub question 1: Are there relevant developments within the live music industry?

We expect there to be two relevant developments in the live music industry, as over the years the music industry as a whole seems to expand. The developments we expect, will predominately involve the growth of the industry and the corresponding professionalization as more money can be earned.

1.2 The live music industry

With the ease of recorded music, why would someone attend a concert? Simon's travel theorem says that every experience can be matched by going to the library, or in this case stay at home and listen to the recorded music of the artist that will perform live (Earl, 2001). Disadvantages of live music may, for some, consist of the diminished quality of the music performed comparing it to the recorded version. This, as the echo of the venue, the presence of people moving in the audience during the concert, and the loudness of the music could interfere with the optimal listening experience (Black, Fox & Kochanowski, 2007). However, this is a subjective argument as some might enjoy the loudness of the music, the added echo and the crowd at these events. Another disadvantage of live music could be the lack of comfort when someone is listening to live music, in comparison to when one would stay home and listen at home. Moreover, the costs that have to be made to attend a concert in the form of transport and drinks can be retained (Black, Fox & Kochanowski, 2007).

However, even taken into account all these disadvantages for attending live music, the total amount of money spent by consumers on concert tickets is going up almost every year, as shown in figure 2. As the average price for a concert ticket has tripled in the last twenty years, the total amount of tickets sold is distorted in this figure (Coffey, 2017)

According to Black, Fox and Kochanowski, there are three possible advantages to attend a concert. First, the sense of community that is felt when listening to an artist together with others. Also, attendance of the concert gives the consumer the opportunity to share judgement on the abilities of the performer outside of the pre-recorded material available. Lastly, artists can use their performances to introduce new songs, or previously unknown renditions of songs, to their fans (2007).

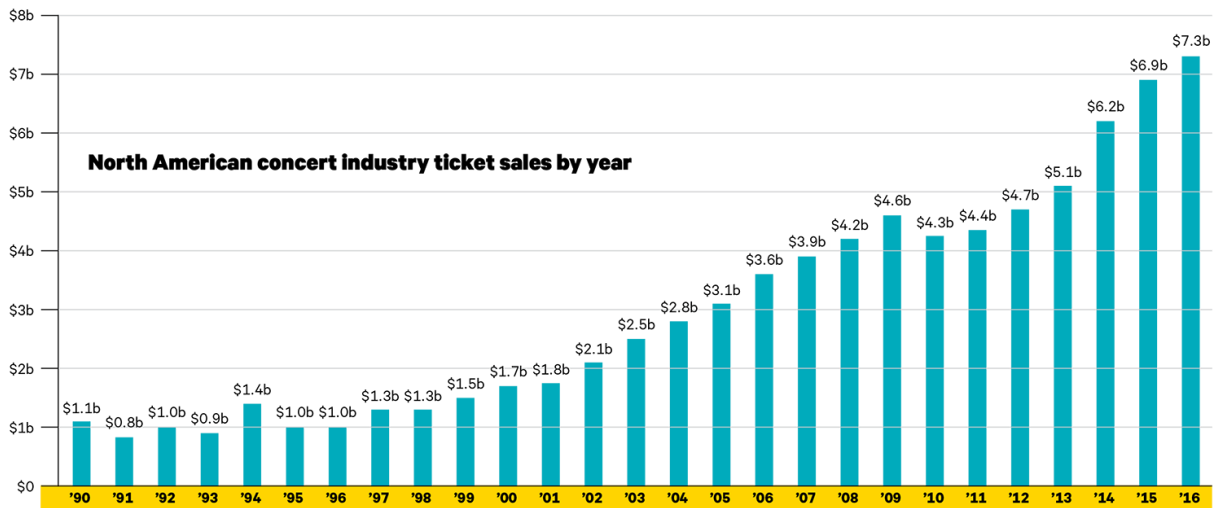
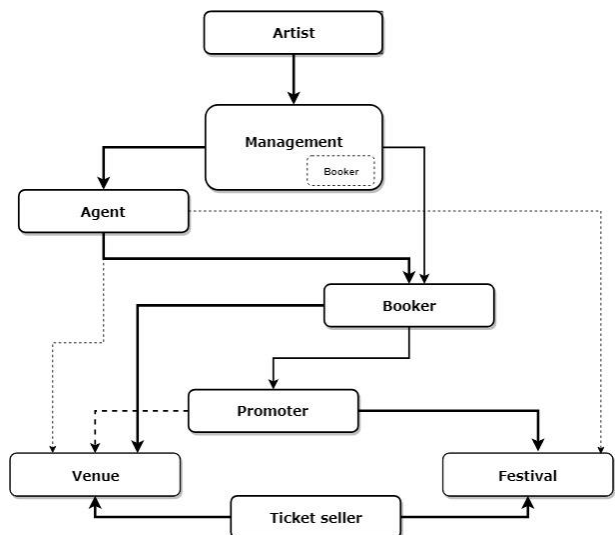


Figure 2: Concert ticket sales North America 1990-2016 (DiMartino, 2017)

To make these experiences positive for the consumers, the stakeholders of the live music value chain have to closely work together. The value chain consists of all the activities that are necessary for creating a valuable product or service, in this case a concert (Porter, 1985). **The stakeholders in the live music industry consist of; the artists, the artists' management, the booker, the agent, the venue, the promoter and the ticket seller.** The stakeholders involved, differ per act and event and complicate the understanding of the industry as a whole.

First off, it is important to explain the roles and activities of all the earlier mentioned stakeholders as visualized in Figure 3. The role of the artist manager is to manage the entire career of the artist, this not only entails the concerts of the artist but also the recorded music and other non-music activities such as interviews etc. Sometimes, part of the management activities consist of negotiating deals with venues and festivals. However, these activities can be outsourced to a more specialized company, also called the booker of said artist.



In figure 3, the relations between the intermediaries in the music industry are visualized. The width of the line represents the frequency in which the parties interact with one another. For example, the relation between an agent and a festival is sporadic and normally happens through a promoter that organizes a festival. Furthermore, the interrupted line between promoter and venue only occurs when a venue has no internal programmer.

Figure 3: Live music chain.

A booker is important in the career of the artist, as they need to choose the best way to show the artist to the audience. If the artist is fairly new, it is sometimes wiser for the booker to secure spots at festivals to attract a bigger audience to the act. While if the artist is already a known name, venues will be more easily sold out, as explained by an interviewed booker.

Some acts are not ready for hard ticketing (solo concerts), on the one hand because it is a small act, or on the other hand because it is a genre that is difficult to sell out a venue. This can develop itself after a couple of festivals. R4

If an artist acquires more fame and recognition, and is able to play in foreign countries, the agent becomes important. The agent is another intermediary, in charge of the booking rights of an artist in a larger area. Except for some rare occasions where he is passed, the agent has the exclusive rights of an artist performing in a certain continent. In the case of popular American artist in Europe, most of the rights are controlled by agents located in London. In the case of American artists who come to Europe, they try to create a full tour schedule with concerts in multiple countries. The agent contacts local bookers in different countries, to provide the artist and their management with a planned out tour across several borders (ILMC, 2017). As also explained by an interviewed expert:

The agent calls his representative in a certain country, to see if his act can perform there. The representative has to look how big the act is, and what venue would fit them. R10

This scheduled tour can take place at festivals or venues. Most venues have in-house programmers, who negotiate with the local bookers about artists suited to perform in their venue. Besides the venues, the second important group of music events are the festivals, organized by promoters. Promoters pay for all the expenses of a festival, and ultimately get rewarded with all the profit after expenses. This is a risky venture, as an unsuccessful festival can cost the promoter large amounts of money. The same promoter can also opt to rent a venue, and apply the same festival strategy to a single concert. This way, the venue no longer uses its programmers, but rents the building and its facilities to an external party. Although this sometimes occurs, venues with in-house programmers usually don't rent their venue and prefer to curate their own events.

Lastly, whenever an event requires the audience to pay, a ticket seller is mandatory. This ticket seller, aside from selling tickets to music events, can offer their service to all kinds of big events such as sport events, in order to minimize the costs for their services. This external party providing the ticket service is a classic example of outsourcing, as the costs paid to the external company are lower than the costs of providing the service yourself (McCarty & Anagnostou, 2004).

All these stakeholders increase the value of the product, in this case the enjoyment of the consumer when visiting a live concert. Either by adding visible elements, such as the artists' performance or the arrangement of the venue, or supporting the event with behind the scenes services, such as improving the purchasing of tickets or the relation between artist and venue.

1.3 The market of live music industry

As stated earlier in this research, live music acts are all different and non-interchangeable, and different markets can be defined such as Dance, alternative and pop. These genres or markets are rather subjective as they depend on someone's definition of popular or danceable music. As mentioned earlier, the difference between pop and alternative music in this research is purely based on the popularity of the act and its music, and not on the sound or appearance of the act. The difference between Dance events and band events, was explained by one of the interviewed bookers, who focusses more on bands performing:

... We facilitate a lot of things to artists who come to perform, while Dance event organisers provide an entire concept. We organised the performance of X artist, but we had nothing to do with the content of the show. R5

The difference between the dance, alternative and popular market is called market segmentation, and is explained by Dickson and Ginter as: ‘The market in a state of demand heterogeneity such that the total market demand can be disaggregated into segments with distinct functions’ (1987). The functions in this quote are the demand functions of the consumer and the hypothetical demand for music events at every ticket price. In the case of the live music industry for example, the price and the demand curve of a popular act like the Rolling Stones, is different from an upcoming act, as people are willing to pay more to see the Stones live. Also, a dance event has a different demand function as the artist performing might be of less importance than the concept and the audience going, again creating a different demand curve.

Besides the market segmentation in the live music industry, there is also a case of product differentiation. Product differentiation is explained by Dickson and Ginter as: ‘A product offering perceived by the consumer to differ from its competition on any physical or nonphysical product characteristic including price’ (1987). This is obvious in the music industry, as every act and event has its own style of music, audience and decoration. The difference in events can be created by Live Nation as they curate who will perform, and how the event will be decorated. However, Live Nation has no input in the differentiation of the product, as the artist is in control of his own performance. This control of the artist, makes it difficult for Live Nation to fully satisfy the market and give all the consumers exactly what they want for the price they are willing to pay.

After examining the live music industry market, with its corresponding market segmentation and product differentiation, Live Nation’s role should be examined. To do so, we’ll examine the influence of Live Nation’s monopoly with the following second sub-question of this research:

Sub question 2: What is the strength of Live Nation’s monopoly?

We expect Live Nation to have a rather strong monopoly in their own part of the industry consisting of the most popular segment of pop music. However, their position in other segments of the live music industry, such as the smaller, more alternative scenes might not be as strong. This weaker position in the more alternative sector, might be the cause of the international focus of Live Nation on the more popular acts who can perform in more countries.

1.4 Live Nation

The name Live Nation has already been mentioned a couple of times, without a great deal of explanation of the company. In order to know how Live Nation originated, and grew to the company it is today, we'll use this chapter to give some more insights in their history.

Live Nation, founded in 1996 as SFX Entertainment, is mainly a venue operator and event promoter based in California. After being sold to iHeartMedia in 2000 it split off again from the same iHeartMedia in 2005 as Live Nation. Live Nation's main focus is to grow their business and output of concerts and other live events through the acquisition of promoters, venues and other integrated parts of the live music value chain. As Live Nation started out as an event promoter, much of the acquisitions done can be called vertical integration acquisitions. Vertical integration is when a company acquires another company either earlier or later in the value chain, meaning either the supplier or the buyer of set company (Harrigan, 1986). Most importantly, Live Nation merged with the ticket seller Ticketmaster in 2010 to create a worldwide live music conglomerate, who could organize events as well as supply the required tickets of these events (Breuker de, 2016a).

In the period of 2016-2017, Live Nation acquired thirteen different companies within thirteen months all over the world. These acquisitions stretched from festivals to promoters and promotion companies (Ingham, 2017). This trend is also happening in the Netherlands, as Live Nation intends to acquire shares in all the components of the value chain. In the beginning of the 21st century, Live Nation purchased the biggest event organizer in the Netherlands, Mojo Concerts (Mojo, 2018). With this purchase, Live Nation ensured a well-known name, and network in the booking segment of the Dutch live music industry.

Lastly, in 2010, Live Nation started the construction of the Ziggo arena in Amsterdam. With the construction of this venue, the gap in the Dutch market consisting of venues with approximately ten to seventeen thousand seats was filled (Stil, 2010). All the acquisitions of intermediaries, is complementary to Live Nation's growing roster of world famous artists. These artists are not managed directly by Live Nation, but through subsidiaries who ultimately need to answer to Live Nation (Ingham, 2016). Live Nation's acquisition strategy focusses on purchasing competitors in the live music branch while not compromising the uniqueness of the acquired brand. Meaning, that usually the acquired company does not have to make considerable changes in their corporate structure, or activities. This form of acquisition, also called partnering, is delicate, as the mother company has to trust the

subsidiaries decision without intervening in them. However, research suggests a considerably superior financial outcome, for companies who can hold on to their individuality oppose to companies who cannot (Kale, Singh & Raman, 2009). This partnering technique is a reliable and inexpensive way to enter a new market for a multinational, opposed to creating a new company from scratch without the local network and knowhow (Graham, 1956).

1.5 Live Nation's subsidiaries in the Netherlands

As mentioned in the last section, Live Nation's strategy consists of purchasing smaller competitors in different sectors of the market to increase their influence and revenue. The overall number of subsidiaries of Live Nation in the Netherlands consists of the earlier mentioned Mojo Concerts, the venues; the Ziggo Dome and AFAS live, and ticket seller Ticketmaster. Of these subsidiaries, Ticketmaster is a worldwide operating cooperation, while Mojo, AFAS live and Ziggo are more focussing on only the Netherlands. In this section, we'll try to give an overview of all the subsidiaries of Live Nation, and their impact on the Dutch live music industry.

Firstly, the above mentioned take-over of Mojo concerts in the beginning of the 21st century. This take-over secured Live Nation with the most important popular music booker and promoter of the Netherlands, and therefore, a big part of the pop music market. This way, Live Nation has a subsidiary with knowledge about the region to book their major acts. After the purchase of Mojo, Live Nation let go of all the Dutch artists of Mojo, as the aim was to create a more international focus, This part of Mojo focussed on Dutch artists continued as the independent venture 'Agents after all', as explained by an interviewed booker:

... It's just a bit harder, after Live Nation purchased Mojo the whole Dutch roster was fired and split up into Agents after all. R5

The second mentioned group of subsidiaries of Live Nation in the Netherlands are the venues, consisting of the Ziggo Dome and the AFAS live. These venues are part of Live Nation Venues and Black box operations, who do not own the property but have exploitation rights of these venues (Hofs & Parre, van de, 2012).

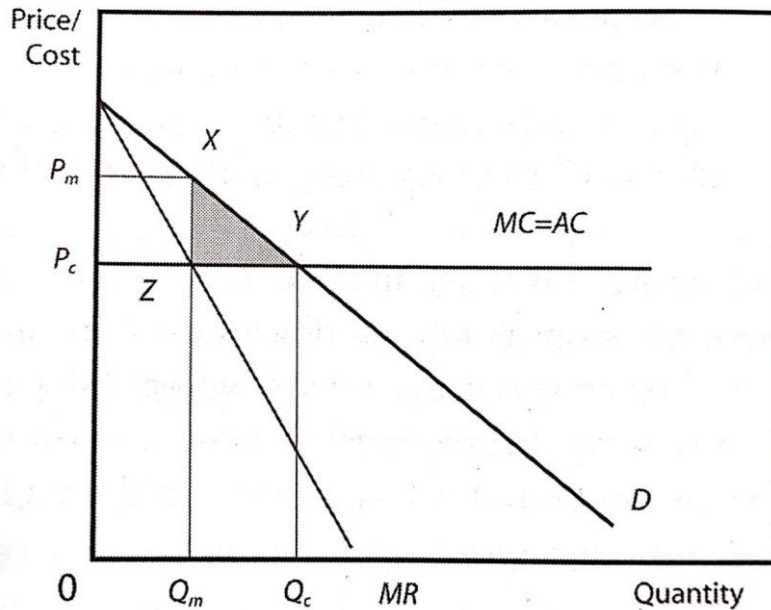
Finally, the merger between Ticketmaster and Live Nation ensured Live Nation with the Dutch branch of Ticketmaster. This subsidiary ensures Live Nation with the ticket seller able to provide tickets for all of their events.

1.6 The characteristics of monopolies

When is there a case of a monopoly and what are the characteristics according to pre-existing economic literature? In this section, we'll take a look at the characteristics of a monopoly and the possible implications it has on the market, according to widely known economic schools of thought.

In a competitive market, according to standard economics, the price of a product is created as a result of demand and supply. Whenever the demand increases, the price will go up, resulting in more supply as there is more money to be made, ultimately restoring the starting point between supply and demand with the same price. This cycle is also known as the invisible hand of the market, philosophized by the classical economist Adam Smith in his book *The Wealth of Nations* (2005). In the case of a monopoly, this return to the optimal point between supply and demand does not occur as there are not enough suppliers to increase the demand. The monopolist is sole supplier, or market leader by such a margin that he is able to set the price of a product, instead of the price being regulated by the invisible hand.

As a result of this monopoly, the monopolist can bilaterally increase his profitability. On the one hand, the monopolist can increase the price of his output, as there is no competition who can take the customers away, as illustrated in Figure 4, by the difference between P_m in a monopoly and P_c in a competitive market (Miller, 1986). On the other hand, the innovation of products is less necessary as a result of the monopoly, therefore lowering overall production costs (Fisher, 1906). Furthermore, the output differs in a monopolistic situation compared to a market with more producers. The production in the monopolistic situation is established when the marginal revenue, or extra revenue when one extra item is sold, is equal to the marginal costs. In a competitive situation, this is when marginal cost and demand are equal, as shown in Figure 4, therefore, monopolistic markets produce less than competitive ones (McKenzie & Lee, 2008, Harberger, 1954). This is again demonstrated in Figure 4, as the difference between Q_m and Q_c . The dark triangle in the figure is the 'Deadweight loss', or the difference between an optimum and actual price and quantity, and this symbolizes the cost to society in a monopolistic situation (Hines, 1999).



P_c	Price in competitive market
P_m	Price in monopolistic market
Q_c	Quantity produced in competitive market
Q_m	Quantity produced in monopolistic market
MR	Marginal Revenue
D	Demand line
MC = AC	Marginal Cost = Average Cost

Figure 4: Monopolist profit (McKenzie & Lee, 2008)

This traditional form of monopolistic pricing might be different from the way Live Nation and other companies in the live music industry establish their price. As Live Nation and its subsidiaries are not able to create a price on their own without the interference of, for example, the artist. In standard economic literature, the monopolist doesn't have to be accountable to other parties and creates a price on their own. Furthermore, as the income from live music is divided between all the previously mentioned music intermediaries, a raise in price also affects other parties. For example, the performances of artists over the years have grown into complicated shows with lights, décors and performers. All these people also have to be paid, therefore, a large part of the income growth will not go solely to the organizer, as explained by Forde (2017).

A second characteristic of a monopoly is the lack of substitute goods. Substitute goods are different goods that are perceived by the consumer as similar or comparable. In the live music industry this can be listening to music at home or going to a café and listening to pre-recorded music. Both cases, however, have not the same advantages as going to live music, as explained in the beginning of this section.

The third characteristic, is the high entry barriers and the forthcoming lack of substitutes. These entry barriers make it impossible for other companies to enter the market, and therefore, ensure the monopolist a large market share in the future (Robinson, 2012). This theory of monopoly could arguably fit the case of Live Nation in the Netherlands. Due to their

large investments in venues and their network of intermediaries and artists, the entry barriers for new competitors is highly elevated.

1.7 Impact monopoly in standard economics

We discussed the question of Live Nation as a monopolist, the characteristics of a monopoly, and how these characteristics can be applied to the live music industry. Now, we'll look at the consequences of a monopoly according to standard economics, as they are also an important part of this research. Especially to the second sub research question:

Sub question 3: Does monopolization in the live music industry have the same effect as is mentioned in standard economic literature?

These effects can be divided into five different categories, all with some sort of negative outcome to the consumer. These categories consist of: (1) Less diversity in products delivered, (2) Higher price, for example through price differentiation, (3) the bundling of desired and less desired products, (4) inefficient allocation of resources by the monopolist, and lastly, (5) less innovation by the monopolist.

1.7.1 Less diversity

As we mentioned earlier, a monopoly has no or little competition and, therefore, less incentive to provide optimal services to the consumer. One aspect of optimal service, is the differentiation of products to better suit the distinct groups of consumers. For example, Unilever has multiple brands of personal hygiene products, such as Dove, Axe and Nivea, all targeting a different demographic. In the case of a monopoly, this need of differentiation becomes less essential, and will result in a less diversified supply of products (Spence, 1975; Dowd, 2004). Besides less diversity offered by the monopolist, the overall quality of the products is also inferior opposed to products under competition. Monopolists will conserve expenses on their product, and therefore supply products of lower quality for the same price, as consumers have no other option than purchase the product of the monopolist (Mussa & Rosen, 1978). My expectation for the live music industry and Live Nation regarding quality of the products, and differentiation is twofold. On the one hand, the monopoly of Live Nation won't impact the quality, as the core product, the performance and overall show is primarily created by the artists who will not be affected by differences within Live Nation. On the other hand, the monopoly can decrease the necessity of Live Nation to improve their customer service or their need to optimize the events they create. For example, Live Nation can stop

innovating the ways in which you could buy your ticket, making it harder for consumers to get access to the concert, although this seems unlikely.

1.7.2 Higher price

Secondly, the same product can be sold for different prices, also called price differentiation. In the live music industry, the experience of listening to the concert can be divided into different price categories depending on the willingness to pay of the consumer. By letting the consumer decide where to sit, consumers are deceived into paying extra for the same product while the experience is only slightly different (Mussa & Rosen, 1978). This difference in experience creates multiple groups within the audience, therefore, a product versioning price differentiation is active. (Phillips, 2005, p. 74). In the case of Live Nation, the Ziggo Dome in Amsterdam offers up to four different price categories depending on the proximity of the seat to the stage. In the case of music events, this is always the case as the artists can be impossibly in another venue, nor can the exact atmosphere be recreated in a different place. This uniqueness is also admitted by Mojo when interviewed:

...The only one with a unique product is the artist. R2

This form of price differentiation and the uniqueness of the artist's product can be compared with sporting clubs, who can also ask different prices for different seats in their stadium. Therefore, we don't anticipate the current increase in price of festivals to be a result of a monopoly. Also we don't predict this differentiation and increase in price to disappear once there is no longer a monopoly in the live music industry.

1.7.3 Bundling

Another possible result of a monopoly, can be the bundling of products in order to package less desirable products together with thriving products. In this way, products received sceptically by the consumer will receive another opportunity to gain success. Mojo and Live Nation can also bundle products, as they demand another music intermediary to book multiple artists as a bundle. For example, when a venue wants to book a certain artist, Mojo representing them as their booker, can demand a performance of a smaller, more unknown act in the future. This way, the venue and the consumer are experiencing negative consequences of bundling as the venue is taken by a lesser known act. This same venue could be used by a more famous act, creating more revenue for the venue and more happy consumers.

The practice of bundling can occur in two different forms, either a pure bundling strategy, where only the bundle is available, or a mixed bundling strategy. In the mixed bundling strategy, the bundle is being sold, as well as the products from the bundle separately (Adams & Yellen, 1976). For example the original sales of the iPhone in 2007, came with an exclusive deal to the service provider AT&T, increasing the market share of AT&T dramatically (Apple, 2007).

In the live music industry, this form of product bundling or tying can also occur. As almost every concert consists of a main act and a support act for a single entry price. Although the consumer isn't forced to attend the support act, if there is no price differentiation, the best places will be occupied. We expect this way of bundling to be apparent in the live music industry as Live Nation can easily promote their lesser known acts as a result of their monopolist power.

1.7.4 Inefficient allocation

Fourthly, a problem according to standard economics is the inefficient allocation of resources, either human, capital or other, by the monopolist. Inefficient allocation can occur in a monopoly as they supply their products above the optimum price as mentioned in section 1.7.2. Whereas this inefficiency is punished by competitors in a competitive market, in a monopoly it isn't, as the competition is -almost- non-existent (Adams & Yellen, 1976). In the live music industry, this inefficient allocation could either be the time of the artist, the allocation of venues and festival sites, or the inefficient use of other resources such as personnel, or financial capital. We expect this allocation to be miniscule or at least difficult to observe without inside information of Live Nation's Dutch subsidiaries.

1.7.5 Less innovation

Lastly, the diminishing necessity of a monopolist to innovate, creates products of lesser quality in the long run. As there is less competition, the monopolist is less inclined to invest money in improving its product, as there are no alternatives available to the consumer (Lambertini & Orsini, 2000). In the long run, this will result in a standstill in innovation, making it suboptimal for the consumer. An example of this lack in innovation, is the decrease of innovation expenses in the United States business sector in 2017, as a result of the diminishing competition as researched by the National Bureau of Economic Research (Gutiérrez & Philippon, 2017). My expectation for the music sector, however, is that innovation will not be lacking, as it can be an important reason for a monopolist to lose its

advantage. Again, my expectation on the diminishing innovation is the same as it is on inefficient allocation, as the information necessary to judge on this topic is hard to come by. Even more so, as useful innovations are hard to measure, and the result of an innovation can only be studied in the long term.

1.7.5 Other and additional explanations

This research will review the gathered data for other explanations of the changes in live music industry, not caused by the monopolisation of Live Nation. To ensure that the results found from the first sub question are not caused by other reasons than the growth of Live Nation in the Netherlands. To check these different explanations, we'll use the following fourth sub-research question:

Sub question 4: Are there other or additional explanations for the developments in the current Dutch live music industry and the results of this research?

This question consists of two slightly distinct parts. On the one hand, it looks at different explanations of possible developments in the live music industry. On the other hand, it's a control question for sub research questions two and three, to see if the explanations given in those research questions are not caused by any other reasons.

We expect that the first part of this sub question will be true, and other explanations will (partially) impact the growth of the industry and the activities of the other subsidiaries. For example, we expect Spotify to impact the way people consume and discover music, and change their music preferences. Ultimately, this change of preferences will create a difference in acts they want to see live. Other trends like social media might also impact the way acts and events are shared and marketed, making the consumer preferences change. The difficulty for this research, however, is to establish these expectations on any evidence as the preferences of consumers, and their consequences are hard to base on any data. We have no clear expectations about the second part of this sub research question, as we think any other explanation will be determined while performing this research.

2 Methodology

This research's main focus is the development of Live Nation, as an example of monopolization through vertical integration in the live music industry, and its impact on other intermediaries in the same industry. To examine this trend and its possible implications, I chose a qualitative research method. Although it seems that in the literature review I made some hypothesis, these were merely expectations, creating an inductive research method. This research method was the most appropriate as, on the basis of a couple of observations, a general conclusion of the entire industry is made (Bryman, 2016: 375). Theory and data collection are constantly interchanging, as there is not a lot of literature available about this market, nor monopolization in the live music industry. To tackle this shortage of literature, this research used the following research question:

What is the impact of vertical integration and monopolization in the live music industry on other intermediaries in the Netherlands?

Furthermore, as literature and data about this subject are scarce, information had to be gained from experts from the field in order to get a better understanding about the topic. This qualitative research method used a questionnaire in order to gather the necessary data. This questionnaire was a semi-structured interview, as participants were free to answer. Depending on the course of the interview, question would be added or left out, if it became apparent the interviewee had a different level of expertise than expected.

The interviews were conducted with a wide variety of intermediaries in the live music industry, including ticket sellers, venues, bookers, promoters, as well as, Live Nation subsidiaries. As the live music industry is a rather unexplored market, semi-structured interviews were used to dive deeper into newly discovered knowledge. Therefore, questionnaires were different depending on the intermediary that was being interviewed, as all intermediaries had different specialities and knowledge about the market and the trends in the industry. Furthermore, as the research progressed, new information could be found, altering the importance of some topics and the questions asked to the intermediaries.

These semi-structured interviews were held at the end of April and beginning of May of 2018 and consisted of a total of nine hours of interviews and spread across nine interviews as well as two email correspondences, creating a total of eleven participants. Most of the face-to-face interviews were one hour long with the exception of a couple, with a longer duration.

The conducted interviews were recorded, and afterwards transcribed. This method of transcription, allowed for the gathered data to be intact as well as easy access (Bryman, 2016: 482). These transcriptions lead to the selection of the citations used throughout this research.

2.1 Operationalization of concepts and interview design

The majority of important concepts used in this research are explained in the previous Theory chapter. However, as some of these concepts were not available in the literature before starting the interviews, for example the relationship between the booker and the agent, they have been operationalized using the information acquired during the interviews. As mentioned before, the questions prepared before the interview changed, depending on the intermediary and the information available from both my side as well as the interviewee's side. The general outline consisted of four different topics, to either better understand the position of the interviewee in the market, or ask about the knowledge of the market as a whole. Directionless open questions and discussion to discover other problems and developments outside the pre-planned framework, were also added to the questionnaire, to discover new insights. The entire interview design is shown in Appendix 1, with example questions applicable for most of the interviewed intermediaries.

The first part of the interview outline consisted of an introductory part that was used to research the exact nature of the activities of the person in question, as well as the past experience of the person in other companies that could explain the insights he/she might have. With the first few interviews, new information about the market as a whole, as well as the important relationships with other intermediaries was gathered. After establishing the exact nature of all the relationships, the frequency of these question dropped, and were only applied when a new intermediary, or someone with an exceptional level of expertise was being interviewed.

Secondly, questions about the monopolist Live Nation were asked, and its most important subsidiary Mojo Concerts. These questions revolved around the relationship of the interviewee with the two before mentioned companies, and the difference they might have experienced in recent years. When talking with subsidiaries of Live Nation, or Mojo itself, these questions were swapped with questions about their vision of their own importance in the market and how this had changed throughout the years.

The third subject matter of questioning consisted of the interviewee's current employer, and its developments and possible implications with subsidiaries of Live Nation.

Through these questions, specific problems of each music intermediary could be established which could be used in the analysis to define the impact of a monopoly on each case separately. The second part in this line of questioning, consisted of the impact and development of festivals in recent years. As the impact and importance of this trend was previously known and underwritten during each interview, it was important to see if the intermediaries were consciously thinking about its impact and origins.

The fourth part of the interviews was concerned with the industry as a whole, and aimed to discover any unnoticed trends and predications for the future. This part, especially, consisted of mostly open question and required a lot of extra input of the interviewees. This was an important part as it let intermediaries and experts talk freely about their vision of the industry and the issues they wanted to talk about.

Ultimately, this led to the open questions and dialogue to give insights and a broad understanding of not only the Dutch music industry, but also the international market and the history of the industry. Although not all this information could be further used in this research, it gave a lot of options for possible future research. As the interviews were semi-structured and thrived on extra input from the interviewees outside of the prepared topics, there was no order, and questions were asked when it fitted the discussion. For example, industry questions and questions about the festival trends would most of the time overlap, bringing new insights in both.

2.2 Sample selection

The sampling method used in this research was a purposive sampling method, more specifically a critical case sampling method. This sampling method is used when participants are selected based on a crucial case that exemplifies the phenomenon (Bryman, 2016: 411). In this case, Live Nation exemplifies the monopolist in the live music industry as it is the market leader. This research and its conclusions could be applicable to other companies and markets besides the Dutch one, however, the characteristics of the current market seem too specific to properly apply them in any other situation. Together with the critical case sampling, theoretical sampling is also being used. Theoretical sampling is applied when data is collected for generating theory, and subsequently leads to a different direction in the research, as shown in the quote induced theory chapter of this research (Glaser & Strauss, 1967: 45).

The sample selected to participate in this research aimed to incorporate the most important intermediaries of the Dutch live music industry. There were two criteria to qualify

people to participate in this research. First, the intermediary they would work at, would be in direct contact with, or depending on, Mojo or another Live Nation subsidiary, in order for them to have some insights about the activities of the monopolist. Secondly, an interviewee had to have extensive understanding of the music industry, in order to see any changes in recent years and have a better understanding of the impact Live Nation could make on the industry as a whole. A participant would be seen fit for this research if one of these two criteria was met, however, an interviewee with both criteria was preferable. One sort of intermediary that was not researched were other ticket sellers. The data would have been enriched if direct competitors of Ticketmaster would have been interviewed. There were attempts at interviewing ticket sellers, however, they were not responsive to the invitation of participating in this research.

The eleven interviewees have been given a code, ranging from R1 to R11, as shown in Appendix 2, and quotes throughout this study have been given the corresponding number.

2.2.1 Subsidiaries

The categories of participants could be spread into four categories; subsidiaries of the monopolist Live Nation, competing bookers, venues largely depending on artists from Live Nation and experts. In the first group, subsidiaries were being interviewed about the influence Live Nation had in the activities and decisions. If possible, subsidiaries were also asked their experience from the pre- Live Nation era, and asked to reflect on the possible differences.

The Dutch intermediaries of Live Nation interviewed, consist of their ticketing service Ticketmaster (R1), their concert and event promoter Mojo (R2) and their venue AFAS Live (R3). The Ziggo Dome was also asked for an interview, however they were not interested. In the end this is not a large weakness, as the structure and activities of AFAS and the Ziggo Dome are rather similar.

The questions asked to these subsidiaries consisted of their connection to Live Nation and how much they noticed the influence of a larger parent company in their day-to-day activities. Also the interference of Live Nation in the decisions of the intermediaries was studied, to measure if there was an international strategy. Besides these questions, there was also special attention for the relationship between the subsidiaries themselves, and if there was a case of monopoly as a result of a different communication between the subsidiaries and other companies. Ultimately, questions about the industry as a whole were also asked, similar

to the other interviewees, to see if there were differences between the Live Nation subsidiaries and other live music intermediaries.

2.2.2 Booking agencies

Secondly, competing bookers were interviewed to see the way in which the monopolist competed in the market to stay market leader. As in the live music industry every product (the artist) is unique, competitors would all have their own niche they worked in. To be useful to this research, the niche had to be closely related to the market of the monopolist and had to be of a certain size. For example, bookers in another segment such as dance, where Live Nation is barely operating in, were not taken into account as they have little notion of Live Nation. Furthermore, bookers with small acts were also not interviewed as the market they operated in, was working parallel to the monopolists one. A limitation in this regard, is the lack of interviews with direct competition. Although bookers in the same segment have been interviewed, the two most appropriate competitors, who frequently work with artists of the same popularity, were not interested in participating in this research as well as some other smaller booking agencies. Interviewing the direct competitors would have enriched the gathered data, as they would experience the effect of the monopoly the most.

For this research, two smaller Dutch booking agencies were interviewed, operating in the more alternative part of the live music industry, and both working from Amsterdam. These bookers were given the codes R4 and R5. This part of the industry consisted of acts with a smaller following, but with the intention to book their acts at the same events and concerts Mojo books its acts in. Both interviews were conducted in the beginning of the research and provided the knowledge necessary to shape the market and the relationships between subsidiaries as visualized earlier in Figure 4. The bookers were especially informed on this topic, as they are the middleman between the venues or event, and the artist's management. Furthermore, these bookers were well aware of the position of Live Nation, and especially Mojo, in the Dutch live music industry.

2.2.3 Venues

Thirdly, venues interviewed on their view of the expanding influence of Live Nation in the Netherlands. The criteria of venues to be eligible to partake in this interview, consisted of booking artists through Mojo concerts. This criteria excluded smaller venues, and provided a sample of venues with a capacity between the 700 and 1500. Furthermore, venues chosen

for this research were concentrated in the Randstad as they have a bigger audience and are more attractive and accessible for international acts. Also, venues of this size were more likely to use Live Nation's ticket service, Ticketmaster opposed to smaller independent venues. These venues all had their own programmer who made decisions which acts were playing in their venue. This is an important difference from venues who rent their location and have no input on the artistic programming in their venue, and are therefore less depending on music as they can lend their venue to other kinds of activities such as theatre, parties etc.

Four programmers of venues, one in Amsterdam (R6) and three in other larger cities (R7, R8 and R9) in the Randstad were interviewed. More venues were asked to participate, however they didn't want to participate. The amount of venues and the information gathered seems to be sufficient, however, a podia outside of the Randstad would have enriched the data, as their market is quite different from the one in the Randstad. The primary aim of questioning to these subsidiaries was the influence Live Nation and Mojo could have on their activities, and how they could notice the monopolistic power in their day-to-day. Furthermore, the influence of Live Nation's and other venues were determined, as well as, the impact of a hypothetical change in Live Nation's activities on their work and market. Answers of venues were used in different other interviews to see if all venues experienced the same problems and had the same vision about the current market.

2.2.4 Experts

Lastly, two different experts were interviews with more detailed knowledge about relevant material. These experts were not planned to be interviewed when the research was designed, however, they proved to be vital for clarification.

First off, a retired member of Mojo and the biggest competitor Greenhouse talent, gave insight in the Dutch live music market before Live Nation took Mojo over. As well as, more detailed information in transactions between intermediaries and the difference between smaller booking agencies and Mojo and Greenhouse. The questions asked to the expert consisted of nearly all the questions asked to the earlier explained intermediaries on account of his broad knowledge of the sector. As one of the most important interviewees of this research, this expert is labelled as R10 although this research.

The second expert, is an economics professor at the Erasmus University in Rotterdam who helped clarify the possible monopolistic impacts occurring in this market and the explanation of the anomalies comparing the Live Nation case to the standard economic literature. The

interview with this expert went via email and consisted of structured questions, who were not mentioned beforehand. Although quotes of this expert are not directly used in this research, this expert is labelled as R11. The expert's knowledge was used developing an understanding of economics in the live music industry.

2.3 Quality criteria & Limitations

To ensure the quality of this research, two primary criteria are being used. On the one hand we have trustworthiness consisting of four criteria; Credibility, transferability and dependability (Bryman, 2016: 384). These criteria are important to test the level of consistency within the research as well as the applicability to the real world. On the other hand, authenticity -or validity in quantitative research- measures to what extent the research actually researched what it had to research (Bryman, 2016: 386). This authenticity consists of; Fairness, ontological authenticity, educative authenticity, catalytic authenticity and tactical authenticity. These factors of authenticity are for other researchers to decide, as they are more objectively in this matter.

Credibility, equal to internal validity in quantitative research, is the way in which the observations correspond to the theoretical ideas developed by the researcher. As the research method was inductive, the internal validity is rather strong due to the constant altering of the theoretical ideas through interviews. For example, the notion of Live Nation as a monopoly changed during interviews explaining the relations in the music industry. After these answers, they were double checked in other interviews to confirm if they were valid. This double checking is called respondent validation, as new findings are being tested (Bryman, 2016: 385).

Transferability, or the degree in which answers could be generalized to other cases is rather small for obvious reasons. As the study focusses on a small group in a unique setting, results and conclusions can't be transferred to another market or setting. This isn't necessarily a limitation, as the aim of this research was to create a specific explanation of the monopoly and its implications for the live music industry, instead of a general economic theory applicable to a wide variety of markets.

Dependability, or external and internal reliability for quantitative research, has different outcomes. On the one hand, external reliability or the degree the study can be replicated, is rather low as for all qualitative research. As the participants of the interviews gave answers depending on their position in the company and market, their mood and the way

the questions were formulated, recreating the research and the accompanying answers is rather unlikely. However, the internal reliability is ensured through audit trail, and therefore rather high. Audit trail makes it possible for other researchers to analyse the data and determine if the necessary procedures are being followed (Bryman, 2016: 385). In this case, the data collected from the interviews has been saved in the form of transcripts as well as email exchanges.

Limitations

During this research, some limitations occurred during the data analysis. These problems consisted primarily of the limited knowledge of the participants in other areas of the market besides their own. This made it difficult to cross examine answers between groups as they were not aware of the problems the other groups faced. However, in order to create an overview of the entire market, all groups have been used in this research. Resulting in the rather low amount of interviewees in every group.

3 Results and analysis

In this section, the results of the research will be displayed as well as the accompanying analysis. Both the results and the analysis will be divided according to the four sub questions of this research, in order to highlight all the important aspects of the possible monopoly in the live music industry.

3.1 The developments in the live music industry

The basis of this research is to study the changes in the live music industry and its intermediaries caused by the monopoly of Live Nation. However, before we can search for the impact the monopoly has on the industry, we first need to establish any possible changes happening in the live music industry. We used the first sub-research question during our interviews to study the developments:

Sub question 1: Are there relevant developments within the live music industry?

These developments can, after interviewing a wide array of intermediaries, be split into three different topics. The ongoing growth of the festival season, the change in the preferences of the audience and, therefore, the change in the style of concerts, and finally, the increase in artists touring, as well as the increase in the price asked by these artists.

3.1.1 Festival season

To start off, the ongoing trend of the expanding festival season. The festival season occurs in the summer, as festivals can take place in parks and all kind of other outdoor locations. The amount of festivals has drastically increased over the last years, as stated by an interviewed booker:

The amount of festivals in the Netherlands is increasing in recent years. We're the country with the most festivals, more than 800 with a capacity of +3000 each. R4

This increase in the amount of festivals manifests itself in two different ways. First of; the amount of festivals during the summer period is increasing, making the competition for every date more fierce. Secondly, the length of the festival season is also extending, creating a festival season that starts in April and ends in September. This expansion of the season is also something that most respondent mention, for example a programmer of a venue outside of Amsterdam mentioned the growth of festivals in Amsterdam:

They begin earlier in Amsterdam and stop later, the festival season is actually from beginning April to the end of September. R8

This development of the festival season is not only in the Dutch live music industry, also internationally the amount of festivals is increasing. This became evident from the answers of a respondent who competed more internationally:

... For example Coachella in the US started on the 13th of April. Is used to be the July and August, these days the season starts in April and ends in September. In this period there are also a lot of festivals in the US. R2

This expanding festival season could have its impact on the Dutch live industry as a whole, as the more festivals there are, the more competition venues have to find artists willing to perform, as well as consumers to watch them. This consequence is not seen by everyone in the industry as negative. A couple of venues stated that they have less shows in the summer as people are more interested in the festivals, for example the following venue:

In the summer you have the festival season, during which there isn't a lot of traffic in the club circuit as artists can earn more money at festivals. From September on, acts get interested in performing in venues again. This is an interplay between the two and benefits both, as a successful festival can help an act to book more shows in venues. R9

The expert interviewed, however, questioned the negativity of this festival season:

I think venues will undoubtedly get less acts as a result of festivals, but the question is if venues are suffering from it? You now have a lot more dance and Dutch music to fill these venues. R10

3.1.2 Changing music preferences of consumers

Together with a change in the festival season and the corresponding change in the location people prefer to listen to music, the preference in music style also changes. This is an ongoing phenomenon, as music styles and preferences evolve constantly. However, this change in style of preferred music by the consumer, comes also with a different form of live music. An example of the change in preferences and the way events should be organised was given by Mojo:

You have a lot of developments in music, for example the development of Hip Hop in recent years. Furthermore, other things like vloggers, influencers and comedians are also doing more live events.... There are also investments in virtual reality and hologram concerts so maybe that will be something of the future. R2

These changes are an interesting development in the live music industry, as they could lead to venues with different capabilities or bookers needing to expand their knowledge.

3.1.3 Increase in artists price and number of performance

Together with a shift in the type of events popular at the moment, and the type of music preferred by consumers, the compensation for artists are also changing. These demands consist of a higher compensation for each performance they give, as well as a more regular touring schedule. This two sided change was admitted during this research while talking to Mojo:

Yes, they [the artists] tour more, however, the financial guaranties [the booker needs to promise beforehand] also needs to go up. R2

This increase in demand could be caused by Live Nation's monopoly and its need to create as many music events as possible. As mentioned by De Breuker, in order to make this happen, more money has to be offered to the artists in order to persuade them to go on tour (2016a).

These three developments all impact the live music industry, and Live Nation's role in it, in a different way. The increase in the festival season and amount of festivals, has impact on how venues should operate, as they have less supply of artists during the summer. Secondly, the change in music preferences of consumers does not greatly affect intermediaries, as their business model is still applicable with artists from another genre. Thirdly, the increase in artists performing is a positive development for intermediaries, as they can supply more events to consumers during the year. However, the same artists now ask for more money, as the impact of globalization is pushing up the price, which creates even thinner profit margins for intermediaries across the board.

3.2 The strength of Live Nation's monopoly

To start examining the monopoly of Live Nation in the live music industry, we first have to see how 'strong' the monopoly is. The strength or power of a monopoly, is the influence the producer has on the asking price and the produced quantity without being pressured by other producers and market forces to do differently (Lerner, 1934). If the producer can change his price and output without losing market share or income, it can be concluded that there is a case of monopolistic power. This power, or strength of a monopoly can be calculated in three different ways depending widely on the parameters available.

The first method, uses the profit rate of a company in order to measure their market strength. In a perfect competition, every firm receives a minimal profit, as the consumer can switch to another producer if he is paying above the optimal price. However, in a monopoly, the amount of substitutes is limited or non-existent, making it possible for the monopolist to increase the price, thus, creating an increased profit (Bain, 1941). This method is hard to use in the case of Live Nation as the profit margins are classified information, making the distinction of high or low profit-rates hard to calculate.

Secondly, and closely related to the Bain's theory, monopolies can be calculated with Lerner's index. This index uses price minus marginal cost divided by price to calculate the monopolist power (Lerner, 1934). The answer ranges from 0 to 1 and should give a good indication of the power of the monopoly, as it, like in Bain's theory, uses the same concept of price above the optimal point, as an indicator of a monopoly. However, this theory also takes into account the cost being made by the monopolist besides the increase in price. Although this measurement is more accurate than the previous one, as it is related to the optimal pricing point explained in the Theory section, it is still impossible to apply, as the costs of Live Nation and Mojo can only be vaguely guessed and not accurately estimated.

As a result of the impossibility of the first two measurements, this research will use the third possible measurement; the Herfindall – Hirschman index, in order to create an estimate of the strength of Live Nation as a monopoly. This index uses market share as a way to indicate a monopoly, by taking the square of all the market shares (s) of all the companies in an industry and then add them together. In this case, s_1 being the market leader, s_2 being the second biggest supplier, and so forth (Hirschman, 1945).

$$HHI = \sum_{i=1}^n s_i^2 + s_2^2 + s_n^2$$

The result of this calculation can be placed in a pre-made scale ranging from competitive marketplace (< 1500), to highly concentrated market (> 2500). This measure is used whenever large mergers occur, who have to be approved by the antitrust organizations, in order to protect consumers from unfair monopolies (Investopedia, 2018).

Although this evaluation of monopolistic power is a widely acknowledged measurement, it can cause some discrepancies in the way it is used for Live Nation and its subsidiaries in the Dutch live music market. As Live Nation has subsidiaries in ticketing, venues and the booking of artists, calculating all the market shares for all the different subsidiaries is unattainable due to time limitations as well as the lack of information about all these markets.

Therefore, in this case of calculating the strength of Live Nation's monopoly, we'll focus on the market share of their most important subsidiary Mojo in the Dutch live music market. As the amount of concerts in all of the Netherlands is hard to measure, we focus on festivals, as it would be a good indication of the total of musical events organized by Mojo in the live music industry. A selection of festivals has to be made, as there are more than 1000 music festivals in the Netherlands with a large differentiation in impact and economic viability. The characteristics used to pick festivals are ample, and could include profit, popularity, and size amongst other things. To take a mixed sample, we'll used a neutral expert opinion on festivals and music in the Netherlands, in the form of the Dutch national broadcaster 3voor12, part of VPRO, as a guideline. Each year 3voor12 publishes a list of, in their opinion, the 50 most important festivals of that year in the Netherlands (Pisart, 2018).

These festivals range from large established festivals attracting 50.000 people that have been around for decades like Lowlands, to smaller newer dance festivals like Wildeburg with only 5000 visitors. The organisation of all these festivals were examined, and market shares of all the promoters were calculated. Of the 50 festivals, 22 of them were organized, or helped by Mojo, two of them were organized by other promoters Friendly Fire, Into the woods, and Dekmantel. The remaining 22 festivals were organized by other unique organizers. If this data would be inserted into the Herfindall – Hirschman index, the total would add up to 2006, indicating, according to the index, a moderately concentrated industry.

This conclusion can be interpreted in different ways and indicates the interesting position Mojo and Live Nation have in the Dutch live music industry. As the total amount of festivals and music events is enormous, the input of Live Nation is not nearly enough to be

considered a monopoly. However, when not the amount of events, but the amount of visitors would be examined, Live Nation would be more likely to be seen as a monopoly. As one of the experts in this research replied to the question; “Live Nation looks like a monopoly, but only in a small part of the market, for example not the dance or alternative sector” with:

No, but that is not commercially interesting. Acts that attract 100 people are not interesting for a promoter as there is not a lot of money there to be made, unless you think they [the act] will grow more popular in the future. R10

This (although rough) distinction between popular and non-popular music, demonstrates the position of Mojo and, more importantly, displays the uniqueness of the live music industry. As Mojo did have, and still has, a monopoly on popular music concerts and festivals according to one expert.

I worked at Mojo for very long, and for a long time we had close to a monopoly on pop concerts with an audience bigger than 1500, we almost did everything and that was also our goal. R10

Furthermore, Ex-Mojo employee and Dutch live music expert Willem Venema stresses this point of Mojo being a monopoly, referring to a the live music industry as a “Mojopoly” with Mojo holding 90% of the market share (Vinckx, 2018). The popular music part of the live music industry can be described in classic economic literature as a niche of the total industry. However, the difference in this industry compared to other commodity industries, is the price development of products (live performance) over time, as some of these acts become more popular. Although the product stays roughly the same, the price someone has to pay to see their favourite band live, can increase dramatically if the band becomes more popular. An example of a band that dramatically increased their price while their performance stayed roughly the same, was the heavy, and thrash metal band Metallica. As the band became more popular, and the demand for live tickets kept on increasing, Metallica was able to triple the price of tickets to their live show without losing consumers (Blabbermouth, 2018). The extra income generated by these bands on account of their popularity, is almost always reaped by Mojo and Live Nation, as mentioned by one interviewed expert.

..... they [Mojo] can [attract upcoming artists] because they are the biggest and have the strongest network. R10

As market leader, Mojo can attract upcoming acts from smaller bookers without payment, as a result of their network and financial abilities. On the question why smaller bookers weren't stopping this with contracts, an interviewed specialist answered:

...No because you have to work with contracts and you don't do that in the music business. It is all based on verbal agreements and trust. R10

Lastly, the monopolistic power of Live Nation is undercut by international alternatives. Although Mojo might have a strong position in the Dutch market with the most important locations, promoters and ticket seller, neighbouring countries are easily accessible for consumers. Furthermore, as a result of globalisation, artists perform in more different markets, making it harder for Live Nation subsidiaries to attract acts to the Netherlands. These two examples of alternatives in other markets, influence the Dutch market, were also mentioned by Mojo:

...the tendency of growth in the American festival market, makes it harder to get American acts to play festivals here in summer. Globalization in that sense is not positive for the Dutch concert visitor. R2

In conclusion of this sub research question, we used the Herfindall – Hirschman index to calculate Mojo's monopolistic strength. This strength appeared to be a moderate, although it doesn't showed the complete picture, as the size of the festivals was not taken into account. Furthermore, this index didn't show the entire monopoly as Live Nation controls more subsidiaries besides Mojo. These reasons would indicate a stronger monopoly than depicted by the results of the index. However, international alternatives for artists and consumers, as well as the different markets Live Nation is not concerned with, should also be taken into account. Therefore, Live Nation's monopoly doesn't seem to be as strong as expected before this research.

3.3 Applying standard economic literature to the music market

After examining the strength of Live Nation as a monopoly, in this chapter we'll analyse the consequences of Live Nation's monopoly and how it compares to the expected consequences in the standard economics. These consequences will be split up in the five different parts mentioned in the theoretic chapter; (1) Less product diversity, (2) Higher prices for the consumers, (3) Less innovation and inferior quality in the concerts and festivals

organized by Mojo and Live Nation, (4) Bundling of products together, for example selling artists to a venue, and (5) Allocative inefficiency of materials and/or human capital.

3.3.1 Less diversity

First off, standard economic theory states the decrease in product diversity once a market is controlled by one producer (Spence, 1975; Dowd, 2004). In the Dutch live music industry, this decrease in diversity doesn't seem to be a problem, as competitors of Mojo and Live Nation serve a different niche market. This was stressed during this research by multiple bookers with quotes such as:

We focus on our own niche with smaller acts we discover before anyone else....

R4

And

...At this moment we are more concerned with building artists from the ground up, and we need to see if we can reach bigger [more popular] artist. R5

As these bookers retain their own niche of smaller artists, the market is not influenced by the increasing power of the monopolist. This market of alternative, smaller, acts is fairly unobstructed by the monopolist, as a result of the reduced possibilities of financial gain. Although, when these niches become more interesting due to more commercial interest, Mojo tries to enter the market. For example, the market of Dutch artists and hip hop acts as mentioned by the interviewees.

It's [Mojo's focus on niche market] increasing, there were years Mojo didn't book any Dutch acts, which was very beneficial for other booker. This changed when big acts in the Netherlands such as Typhoon became more successful, now Mojo is also focussing on this segment [Dutch artists]. R5

They [Mojo] have started Wolf Agency together with SPEC Agency of Ali B, which gives them more hip hop acts. R9

This differentiation in pop and alternative markets is also evident when interviewing programmers of venues. As almost all venues try to avoid competition, every venue has made their own 'niche' with their unique capacity in the Netherlands. You have the smaller venues you can find in every town, the bigger venues with a capacity of 700 to maximum 1500 and then some exceptions. These exceptions are Tivoli Vredenburg in Utrecht and 013 in Tilburg,

with a capacity between 2 and 3 thousand. Ultimately, the largest music venues in the Netherlands are Live Nation's subsidiaries AFAS live and the Ziggo Dome with a capacity of 5.500 and 17.000 respectively, as explained by a booker.

.... The club circuit has in principle a maximum capacity of 1500, and the AFAS live venue starts at 5000. 013 and Tivolli have a site with a capacity between 2000 and 3000, so they are exactly in the middle of this gap. R4

As a result of these differences in capacity, venues are automatically forced to focus on different artists. As smaller, less popular, artists can't fill a big venue, they are of no interest to these venues. On the other hand, small venues can't afford more popular acts as they've gotten too expensive, and these costs are unsalvageable with a limited capacity. These differences in capacity ensure the consumer a varied supply of popular and alternative acts. This is in accordance with the expectations, as diversity is not decreasing. However, differing from the expectations, is the reason why this diversity is intact. As venues and bookers have found, or created their own niche, diversity in concerts and events is maintained.

3.3.2 Higher prices

Secondly, we'll take a look at higher product prices as a result of a monopoly. As a monopoly can raise the price of their product, without losing client to competitors. The monopolist can either do this through a higher overall price, or through asking different prices to different consumers through price differentiation (Mussa & Rosen, 1978).

In the live music industry this standard economic theory is not the case, as the monopoly of Mojo actually lowered the price in comparison to a more competitive market, as explained by an interviewed expert:

The strange thing of a monopoly in the pop music is: if you compared us [the Netherlands] to Germany, there was no case of a monopoly as there are a lot of different small promoters organizing concerts. The difference was, the prices in Germany were a lot higher than in the Netherlands while there was a monopoly here, which is strange as it is the exact opposite of the standard theory. R10

This is an extraordinary situation, and would imply the benefits of a monopoly in this sector. There could be two reasons why in this case the monopoly causes a lower prices. First off, predatory pricing, where the monopolist is trying to eradicate the competition by setting the price below cost price. Resulting in other smaller competitors not being able to keep

competing, as they do not have the financial capital to maintain a loss for an extended period of time. This form of pricing is considered illegal as it removes competitively from the market (Areeda & Turner, 1975).

This explanation of the low prices of Mojo seems improbable, and a more feasible explanation would be our second reason, the use of cross-subsidization by Mojo. Cross-subsidization methods are used when the income of one source compensates for another group (Faulhaber, 1975). In the case of Mojo, lower entrance tickets to festivals and concerts can be compensated by higher prices of, for example, drinks and food inside. Moreover, as a result of lower entrance prices to their festivals, Mojo can create a loyal fan base that will return to forthcoming festivals, as mentioned by an expert:

A high price makes it more difficult to sell out. For us as promoter, who carry the risk of underperforming ticket sales, it is important to keep the entrance prices low to sell out the show. R10

The importance of cross-subsidy was later in the same interview confirmed, when asked why it is important that people who buy their ticket need to show up:

Off course you want them [the audience] inside, then you can sell them a drink and profit more from them. R10

However, this situation is already changing due to the implications of multinational Live Nation on the Dutch market.

... This [a lower price than in a competitive market] is, however, changing since Mojo has been purchased by Live Nation. R10

This increase in prices is backed up by data of the incrementing raise of festival tickets. For example, the price of Pinkpop festival increased 80 euros in thirteen years, even accounting for inflation (Breuker de, 2016b). This result is partly in agreement with the expectations, as the price for events seemingly rises, as a result of Live Nation's implication. However, this implication appears to be overshadowed by the increase of international competition as mentioned in sub question one. This negative impact of competition on the price is rather unexpected and in contrast with the earlier formed expectation.

3.3.3 Bundling of products

The third possible negative consequence in standard economics, is the bundling of products, where products of higher quality or preference, are combined with products with less desirable characteristics (Adams & Yellen, 1976). In the case of Mojo and Live Nation, this bundling can predominantly occur with artists of Mojo performing at venues and festivals.

First, the supply of artists by Mojo to venues besides the Ziggo Dome and the AFAS. As explained earlier, the programmer of a venue and a booker of artists, are depending on one another. The programmer, on the one hand, needs the booker for the supply of artists, while the booker, on the other hand, needs the programmer to book his artists. This relationship also holds up for agents and promoters, organising festivals, as explained by an interviewee:

... If an agent just signed an act, he can ask me [as a festival] to listen to the act. If we have a strong relationship, I will take his suggestion more seriously. R10

These relationships are built on trust, as both the booker and the promotor rely on the other, to get the most out of their act and event. This way of business is beneficial for the larger suppliers of acts, as this relationship strengthens over time, as explained by a venue:

If a Mojo booker has an act I don't know, I trust him more [than a small booker]. If I look at his roster, and all the previous shows I have done with him are rather successful, I have faith in him. This could also be true for smaller bookers, however, they have smaller acts and have more to demonstrate. R6

The booker could use this relationship in his advantage to supply the venue with less requested acts, and therefore, bundling his popular acts with less popular ones, either over time or at the same night, with a supporting act getting the change to perform for a large audience. This is especially the case when a venue is depending on the roster of the booker, as explained in a hypothetical during this research

With a venue you can try it [pushing your act], and as booker say; if you take this act, you'll get a better deal in the future. R10

This relationship and the possible negative consequences it could have, are not conceived by the venue as a case of bundling artists, as they see it as an equal interchange of favors. In the case of festivals, Mojo is bundling multiple artists together at one event. This

doesn't appear to be experienced negatively by the consumers either, as the demand for festivals is still increasing.

Although the combining of artists didn't seem to be noticed in such way, bundling of artists seem to happen. Although bundling wasn't experienced by any intermediary, Mojo seems to use personal networks and trust, in order to book lesser known acts. This is in contrast with the expectations, as Mojo and Live Nation are not using their market power to force intermediaries in accepting their bundled products.

3.3.4 Inefficient allocation

Fourthly, the inefficient allocation of resources, either financial, or human or other. This inefficiency occurs in a monopolistic market, as the market leader has no real competition that punishes inefficiency. Therefore, the monopolist is spending less time and effort on optimizing their processes. This lack of optimization is closely related to the upcoming point about innovation, as innovating ideas are needed to find ways to optimize a business' processes.

As with the innovation, Live Nation and its subsidiaries can't afford to inefficiently allocate their human and financial resources. As there is no strong long-term position in the market, Live Nation has to efficiently make use of their resources in order to stay ahead. Mojo responded to the question "Do you have any long term goals?" with the following answer:

No, I think we have a lot of good festivals. We are currently examining how to optimize these festivals. The live business is a business where it is very hard to make a five year plan. We are looking at next year, but past that is very hard. R2

This lack of innovation is corresponding to the expectations, as Live Nation's subsidiaries have to perfect their services to stay leading in the live music industry.

3.3.5 Lack of innovation

Lastly, the lack in innovation by Live Nation's subsidiaries, and the forthcoming inferior quality of the products in the form of concerts and festivals. The lack of innovation could be observed by either the consumers or the suppliers to these events. As the consumers are not part of this research, their opinion is not taken into account. The stakeholders involved in supplying these events, have a rather positive outlook on the festivals of Live Nation and Mojo. As one booker responded:

... I see Mojo as one of the best producers of festivals. Not everywhere, but in the Netherlands with Lowlands, North Sea jazz and Down the Rabbit Hole they have the best festivals. I would like Mojo to organize some festivals in England that would make the world a better place, as they have some badly organized festivals there. R4

This opinion is supported by experts in environmental sustainability, who see festivals as a possibility to implement new ways to improve sustainability. Mojo, with their festivals, have an important role in these innovations, for example through their efforts of reducing emissions (Kooyman & Remie, 2017). The subsidiaries of Live Nation gave plenty examples of how they keep on innovating, as the consumer is quite sensitive for new innovations. Furthermore, as the brand name of an organized live event is as strong as the last edition, a strong position has to be maintained through constant innovation, as pointed out by an interviewee:

It is also necessary, as you don't have a long term relation with neither the artists nor the consumers. So if there are one thousand festivals in the Netherlands, you have to really try everything to stand out. R2

As well as with the previous point of inefficient allocation, innovation is not lacking within Live Nation's subsidiaries. This is in contrast with economic literature about monopoly, although, it corresponds with the expectations of this research, as Live Nation should innovate to keep their competitive advantage.

3.4 Other and additional explanations

After examining the possible impact of the monopolist on the industry in general, and intermediaries in particular, it is also important to look at other possible explanations for these differences. If these other explanations are not taken into account, a wrongful causal relation can be created, and the consequences of Live Nation's monopoly can be wrongfully estimated.

First off, the second hand ticket selling. As concerts and festivals are becoming popular, so is the second hand ticket market, where criminals can make an abundance of money from reselling tickets above face value (Galstaun, 2017). This causes the monopolist to lose out on potential profit and price their tickets suboptimal, as some money is going to the second hand seller instead of Mojo or the venue, as explained by an expert:

I was organizing a concert with artist X, and the most expensive tickets were 60 euros. The manager of this artist went to people in the first row, and asked them what they paid for their ticket. It turned out that everyone had paid more than the 60 euros as there were people who thought they could make some quick money by reselling their tickets for a higher price. The manager got angry with us, and asked us why we didn't ask more money for the tickets. R10

Would this market not be as active, and take as much from the possible profits, a more traditional form of monopolistic pricing could occur, as Mojo would be able to create a personalized price, where the willingness to pay of each customer would be paid to them. Live Nation is trying to reap the benefits of this second hand market by offering second hand tickets through another subsidiary of them, Seatwave.

Secondly, and most importantly, the impact of streaming on the audience and the business models in the music industry. As a variety of music has become available to almost everyone for a very low price, people can discover new music extremely easy, and give unknown artists the possibility to become famous overnight. This trend of increased accessibility for artist to get known was acknowledged by one of the venues interviewed:

..I think it is very easy [for an aspiring artist] to put an EP on Spotify and for the EP to get listened to a couple of times and become known to bookers. R8

The same sentiment is shared by one of the interviewed bookers who said:

.... I think the supply [of artists] has increased, however, it has more to do with the way people consume music, for example Spotify and other. This development facilitated smaller acts to reach their niche and attract an audience big enough to fill a venue, while back in the days you could only get famous through radio and TV. R4

This increase in artists and acts is not only limited to music acts, it also permits other sort of entertainers to fill music venues. An example was given by one of the interviewed venues who booked a vlogger:

I notice I get a lot of supply of vloggers. I like it, but I don't really know what the criteria are for booking such an artist. But there is a lot of demand, we have a vlogger that sold out, and I don't even know what they do. R6

This development in the kind of artists demanded by the audience, creates a change in the current market and a possible danger for Live Nation in the future. As this increase in vloggers is something the existing music intermediaries have little knowledge of, new competitors may enter the market more easily, as the difference between networks and knowledge with Live Nation in this part of the market is not as large.

This difference in available artists and performers has also changed the activities of intermediaries in the live music industry. For example, bookers and artists have a more difficult task to pick the right artist for an event or a venue, as mentioned by Mojo when asked how streaming impacts their activities:

It's hard, there is no filter. You need guides to help you [decide what can be a successful artist]. Off course Spotify makes playlists, but I think our bookers play a crucial role. The music is more accessible, there is more choice, but you need people who can decide if it catches on or not. R2

Besides the difference in demand, the supply side of the live music industry has changed as a result of streaming services. Bands main income has changed from selling cd's to live performances, making them more likely to tour, as well as ask higher commissions. This information was given by an expert in the live music industry:

Bands play untill a certain point for exposure, after that they'll play for money. Back in the days they always played to sell CD's, that is no longer the case. R10

This statement is backed up by data compiled of the income of the 50 richest artist in 2016, who earned 75% of their income through touring revenues (Chapple, 2017)

The last thing that should be taken into account the Dutch live music industry, is the preference of international artists to perform in Amsterdam compared to any other city in the Netherlands. As a large part of the artists preferred by the audience are not from the Netherlands, it is vital for venues to program artists from other countries in order to create a varied and interesting program. The different preferences of artists was acknowledged by everyone during the interviews, for example AFAS Live who mentioned the mentality of international artists:

A lot of foreign artists think that the Netherlands consists of only Amsterdam, and they gladly want to perform in Amsterdam..... If you'd have several better venues in other places in the country, even then artists would want to perform in

Amsterdam. You also notice it in the ticket sales, an artist in Amsterdam sells more than if that artist would perform anywhere else in the Netherlands. R3

This quote by AFAS shows the natural monopoly Amsterdam and its venues have in comparison with other cities in the Netherlands. A natural monopoly exists when certain entry barriers make it hard (or impossible) for other competitors to enter the market, or compete at the same level (Mosca, 2008). In the case of the live music industry, the entry barrier is the image, artists (and people in general) have of the Netherlands, which is impossible to change by some intermediaries in the live music industry. Live Nation's monopoly is strengthened as a result of this natural monopoly in Amsterdam, as the venues they own are both located there. Although Live Nation already has exclusive ownership of this segment of the market, as a result of artists' preference for Amsterdam, they might attract artists who could also perform in larger stadiums. For example, if an artist can perform once in the GelreDome, a football stadion in Arnhem with a capacity of roughly 40 thousand people, or twice in the Ziggo Dome, he might choose the Ziggo Dome as it is located in Amsterdam.

The quote by AFAS shows, that besides the impact on artists, Amsterdam also impacts the succes of the concerts and the willingness to pay of consumers to watch a concert in Amsterdam. This creates a viceus circle as artists prefer Amsterdam, and consumers are more geared towards Amsterdam as they can find their favorite artists perform there. Making the likeliness of an artists performing in Amsterdam higher, as they sell more tickets there, constantly strengthening one another.

The other and additional explanations discovered by this study, are partly corresponding to the sub research question. The impact streaming services such as Spotify have on the live music industry, corresponded with the expectations of this research. As streaming services impact the way artists earn their money, as well as the music taste of the consumer, these services have an impact on the live music industry. Besides these services, other explanations in the form of the globalisation, secondhand ticketing and the natural monopoly of Amsterdam, also form the live music industry. Although these developments were not expected, they all have their impact on Live Nation's position, and the reasons why some rules of standard economics don't apply to the live music industry.

4 Conclusion

In the last chapter of this research, we'll answer the main research question, and compare it to the expectations of this study. Furthermore, we'll give an overall conclusion of this research and take a look at the limitations. Ultimately we'll give some possible suggestions for future research connected to this topic.

4.1 Main research question

After the four sub-research questions, answered in previous chapter, we'll have enough knowledge to answer our main research question:

What is the impact of vertical integration and monopolization in the live music industry on other intermediaries in the Netherlands?

To better explain the impact Live Nation has and how the Dutch subsidiaries experience it, this research makes a distinction between the three distinct categories of intermediaries in the live music industry; (1) venues, (2) bookers and (3) promoters. The two other intermediaries mentioned in the theory section, agents and ticket sellers, are not taken into account during this main research question. As ticket seller provide a service easily applicable to other markets, they won't notice the impact of Live Nation as much as other intermediaries. Also, artist agents operate on an international level don't fall in the researched sample of this study.

4.1.1 Venues

As mentioned before, there are a couple of different size venues in the Netherlands; small venues, middle sized capacity between 700-1500, Doornroosje and 013 with a capacity of 2 to 3 thousand, and the venues owned by Live Nation, AFAS Live and the Ziggo Dome. Off course, some football stadiums are also used in the Netherlands like the Johan Cruijff ArenA, however, these places are not specifically designed for music events. As is clear from this summary, the venues of Live Nation do not compete with other venues in the Netherlands, as they have another capacity and, therefore, attract other artists with a different popularity.

Besides Live Nation's venues, other venues in the Dutch market also have to do with Mojo as an extension of Live Nation. Mojo is a supplier of artists to them, whom they frequently have to communicate with. This relationship doesn't seem to suffer from any

increased market power from Mojo's and Live Nation's side, as the relationship is based on a mutual trust and dependence on one another, as explained by a venue:

There is not so much difference per company, more in the booker you work with. You have a couple of personal relationships you like to work with. R7

Lastly, the relationship between Ticketmaster and venues is not subject to any change, as a result of the monopolisation of Live Nation. Venues choose to work with Ticketmaster, or not work with them, based on financial decisions and are in no way forced by Live Nation. To attest to this, are the explanations of a venue who choose to work with Ticketmaster, and one who didn't:

The one who uses Ticketmaster:

We have hundreds of shows each year, from which dozens of shows get cancelled and moved. All these problems are handled by Ticketmaster, for example refunds and customer service. When we would do that ourselves, we would have to hire a couple of extra employees, the scale of Ticketmaster is, therefore, very important. R6

The one who doesn't:

The support of Ticketmaster provides a lot of benefits, however, the service fee on the tickets can sometimes amount to quite a high amount, which we find too high for our customers. R7

The competition between ticket sellers is also confirmed by Ticketmaster when asked about their relationship with some venues:

...With venues who have a lot of shows, it is a hard negotiation each two to three years. For example, we are now developing a new service to maintain our contract with one important venue. R1

This healthy competition between ticket sellers is good for the venue and the consumer, as they fares of ticket services stay low.

4.1.2 Bookers

The impact of Live Nation's monopolization on bookers should be split into three distinct parts, all three involving Mojo in the Dutch live music market. In the first two instances, Mojo is competing for artists, consumers and venues, with other bookers, as they

are both representing artists who want to perform. The third influence Mojo has on bookers, is as a promoter, organizing events such as Lowlands and North Sea Jazz. When Mojo operates as a promoter, bookers become suppliers to Mojo instead of direct competition.

First off, we'll examine the relationship between a booker and a venue with a programmer. These venues do not include Live Nation's subsidiaries, AFAS Live and the Ziggo Dome, as they are only facilitating a venue and (primarily) do not make a selection of artists on their own, as explained by AFAS:

Our role is to facilitate an event, we don't organize events ourselves. An external partner, for example a promotor or another company organizes an event, and AFAS Live offers its expertise. R3

This relationship with venues implies a competition with Mojo as both companies represent artists eligible to perform in venues. Both bookers compete with one another for the representation of an artist, as well as a spot for their artists at festivals and venues. The competition concerning the placement of an artist is depending on the act itself, as well as the relationship with the programmer of set event. This relationship was illustrated by an interviewed programmer, when asked how to decide how to book an act:

I think it depends a lot on different factors, such as gut feeling, Spotify and social media data, as well as the history of an artist. For our small room I sometimes book things I really don't know, and I follow my gut feeling, for our bigger room I base my decision on the things they've done before.

...You'll hear this often in the music industry, but it [booking of an artist] is based on trust. If a booker convinces you, and you already know him, you'll do a show with him. R6

However, this relation is personal, and the brand name of Mojo and Live Nation is not impacting this. Although Mojo is the biggest in this sense, they cannot exploit the benefits as a string of less successful concerts can damage the build trust between a booker and a programmer. Mojo is trying to expand their network and their chances of success by scouting the market for potential booking talent, sometimes buying them from competing bookers.

Secondly, Mojo and Live Nation also compete with other bookers through the signing of promising or already popular artists. During the interviews, it became apparent that long term contracts between artists and bookers don't exist, as explained by Mojo:

The whole live music industry works as follows; if an artist decides to tour, he looks at every country's bookers and what they can offer him. So you need to prove yourself every time, as there is no long term contract. You have artists who sometimes tour with us and other times tour with Friendly Fire. R10

This lack of contracts with artists, creates a constant changing market where neither act nor booker can ensure market power as other options are always available. The reason why there are no contracts is as a result of the great deal of uncertainty pertaining to the long term perspective of the popularity of the artists. As no one knows if the artist will be less or more popular, both parties can benefit from the lack of contracts, as explained by Mojo:

It's difficult [to start offering contracts], as you don't know if an artist is still popular in five years. I don't think you need to try to change that as Dutch live music market. R2

Thirdly, there is also the case of bookers supplying their artists to the wide array of festivals organized by Mojo. In this case, bookers are partly dependent on Mojo, as acts want to perform at festivals in the summer. Although Mojo is not the only promotor of large festivals in the Netherlands, with leading festivals such as Lowlands, North Sea Jazz and the rather new Down the Rabbit Hole, they play an important role. During this research, no sign of monopolistic power became apparent and no examples of Mojo and Live Nation using their position in the market to their benefit was mentioned. However, as Live Nation keeps growing and Mojo is creating more festivals, for example Down the Rabbit Hole, Mojo might use this power in the future. For example, by only allowing their own or Live Nation artists to perform at their own festivals. This, however, seems unlikely as the Dutch market appears to be too small to make these kind of power moves

4.1.3 Promoters

The last intermediaries that will be discussed concerning the main research question, are the competing promoters of festivals and concerts of Live Nation. These promoters face the same obstacles as the bookers when booking artists, however, their income is based on their own events instead of events of third parties. In the Dutch market, these competing promoters are Greenhouse Talent and Friendly Fire. Although there has not been direct contact with these promoters, an analysis and prediction of their situation can be made based on the gathered data. The competing promoters can be split into two different groups, on the

one hand the ones that compete for booking acts in venues such as AFAS Live, on the other hand, the promoters who organize their own festivals.

First off, the promoters who rent venues for their acts. At a capacity range from 5 to 17 thousand, these promoters are forced to use venues in the Netherlands owned by Live Nation. This situation could lead to a monopoly by Live Nation as they could prevent other promoters to use this capacity and, therefore, appeal to all the acts that attract an audience within this range. Nonetheless, this is not the case, as explained by AFAS Live:

We don't give priority. We are an event location where the one that reserves first, gets the first option. An option, however, is not definitive and a second and third option can be put behind it, without making any preferences. R3

Secondly, the promoters who organize festivals such as the competing Best Kept Secret belonging to Friendly Fire. These festivals are partly dependent on artists of Mojo and Live Nation, in order to create an interesting line up, as explained during this research by a booker:

Artists go to both festivals [Friendly Fire and Mojo]. Only the new stars that have a certain hype around them, for example artists of Mojo, only perform on Mojo festivals and not on Friendly Fire festivals and vice versa. The strongest artists of your own roster perform at your own festival. With the American artists you have a fixed tour schedule, so you can't prevent these artists to go to competing festivals, as you lose out on money. Because if you do so, next year the management of the artist or the agent will choose another booker to go to. R4

This quote sums up the problems Live Nation and Mojo are facing to control the entire market. As long as Live Nation is not the owner of the entire value chain, there will be no possibility of extensive monopolistic behavior in the Dutch live music industry market. Even if all of Live Nation's Dutch subsidiaries will work together to stop the competition, external factors such as international competitors and artists will prevent a successful monopoly from happening. Therefore, the impact of vertical integration and monopolization on other music intermediaries is almost unnoticeable. Lastly, even if all subsidiaries would prevent competition, it's doubtful that authorities would allow it, as it conflicts with antitrust and competition laws.

After having answered the four sub-research questions and the main research question, an overall conclusion of Live Nation in the Dutch live music industry can be

made. Although Live Nation and their subsidiaries seem to have conquered a strong position in the market, all of their competences seem imitable. For example Mojo, has created a large network for themselves, hard to imitate. However, a new entrant can, through large sums of money, still be a strong competitor to them. As the unique selling point of all the large pop events, are based on the capabilities of the artists, the monopolistic position of Live Nation is not as strong as predicted. This lack in monopolistic power is the reason the other intermediaries in the live music industry don't feel the impact of Live Nation.

As the competition is continuing to grow, nationally and internationally, the price of events keeps increasing. As a result of globalization, artists can no longer only perform in the Netherlands or western markets, but are able to find income in newly discovered markets. As other competitors fight with Live Nation for the same artists, prices of events keep going up, only benefitting the artist performing. This discovery is one of the most important ones of this research, implying a beneficial situation for producer and consumer when competition is lower. Therefore, nullifying the deadweight loss mentioned in section 1.7, a standard result of a monopoly.

4.2 Limitations

This research has some limitations that should be improved when doing future research on this topic. First off, the lack of interviewed competitors of Live Nation and Mojo who organise events, such as Greenhouse talent or Friendly Fire. These promoters could have given inside information in the ways Mojo competes, as well as the possible benefits they have from their international network.

Secondly, other ticket sellers, competing with Ticketmaster were not interviewed. These competitors of Ticketmaster could have explained the way Ticketmaster competes, in the same way as other promoters could.

Thirdly, the way the strength of Live Nation was determined is rather arbitrary and could have benefited from a more detailed analysis. However, this will always stay arbitrary and a rather difficult task, as the Dutch live music market is quite fragmented, and the interests of Live Nation involves multiple distinct parts of this market.

4.3 Future research

Although this research has tried to give an overview of Live Nation and its possible monopoly in the Netherlands, future research could be realized to create more knowledge on the subject. This research could be concerned with creating a broader overview, involving more intermediaries in the Dutch industry as well as the implications of international players in neighbouring countries on the position of Live Nation in the Netherlands. Furthermore, the results of this research could change in a couple years, and should be repeated. Not only is Live Nation continuously growing, the expiration of the court order, mentioned in the introduction of this research, might impact Live Nation's international strategy and the way it competes in countries like the Netherlands. This court order prohibits Ticketmaster to retaliate against venues who leave their service. This expiration can possibly create an environment with Live Nation having more monopolistic tendencies, as they can exert more pressure on venues to stick with their services.

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Appendix 1

Interview outline

Intro

This part consists of questions about the intermediary itself, as well as the experience of the person in the live music industry. If the person being interviewed has any personal experience with Mojo or other parts of Live Nation, for example work experience, it is also asked in this section.

Example questions can be:

- 1 You also work somewhere else, what do you do there exactly?
- 2 You worked for Mojo, is there a difference with your current work?

Mojo / Live Nation

This part of the questionnaire consists the personal opinions of the interviewees of Live Nation and its subsidiaries. Differences between the pre-Live Nation era and current situation are being examined if the interviewee has enough experience in the live music industry.

Example questions are:

- 1 How is your contact with Mojo or other Live Nation subsidiaries?
- 2 Do you notice the growth of Live Nation? Is it impacting you and you're work? In what way

Festivals

In this part, the impact of the festivals and the festival season as a whole are being researched. As Mojo has multiple festivals, they can change the way intermediaries work, as well as their strategy.

Example questions are:

- 1 What is your relationship with different festivals from different promoters?
- 2 Do you perceive any developments concerning festivals?
- 3 Are these developments affecting you? In what way?

Industry

In this section, the entire industry is being researched. Through questions about the entire live music industry, as well as the interviewee's predictions for the future, the impact of Live Nation is being measured. This part of the questionnaire will help to examine any other developments in the industry that are not taken into account before the data collection.

Example question are:

- 1 What is your vision of the entire music industry?
- 2 Do you see any developments in the industry?

Appendix 2

Codifying respondents

Ticketmaster	R1
Mojo Concerts	R2
AFAS Live	R3
Booker 1	R4
Booker 2	R5
Venue in Amsterdam	R6
Venue in Randstad 1	R7
Venue in Randstad 2	R8
Venue in Randstad 3	R9
Music expert	R10
Economics expert	R11

