

LIVE DIGITAL BROADCAST:

EXPLORING THE CASE OF MUSIC VENUES

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#### ABSTRACT

This paper explores the phenomenon of live digital broadcasting of the performing arts via the web. Various related rationales are considered including the application of medium theory. The possibility for individual music venues is presented along with a new example from a jazz club in New York City. Smalls presents as many as four jazz shows per day, broadcasting them live and archiving for future reference and access through subscription. Implications for synergistic relationships between global broadcast and local venue, as well as business model innovations are discussed.

## I. INTRODUCTION

With rapid advances in audio, visual and web-transmission technologies, the use of internet-distributed video content has become ubiquitous (Carboni 2014). While these developments have already played a substantial role in influencing and disrupting such cultural industries as film and recorded music, their prevalence has also made inroads into the performing arts (McCarthy 2001). While capturing performing arts on film is not a new phenomenon, the ability to live-stream high-definition capture of dance, theatre, opera, and music through web distribution has opened up substantial possibilities in the broader performing arts sector (Reichl, Low, Schroder, Schmidt, Schatzl, Lushaj&Widauer 2016).

This paper will first review theoretical considerations for digital broadcast in the performing arts. It will then evaluate current video streaming-broadcast models and applications in the cultural sector. With this as background, we then take up a relatively new application of the web-video-broadcast based on a music venue offering a steady stream of live daily performances, with an ever-expanding catalogue of live-capture content that can be viewed after the fact (Chinen 2013). This model presents a number of interesting questions, theoretical possibilities, and pragmatic opportunities for the performing arts within the digital video-broadcast space.

## II. BACKGROUND

### An Emerging Phenomenon

Live web broadcast has become an entrenched format for particular performing arts applications projecting into movie theaters. A pioneer in the area, The Metropolitan Opera, approaches its 10<sup>th</sup> season of Live at the Met in 2016 with over 80 productions broadcast (and rebroadcast) to cinemas around the world during that time. The live Met phenomenon has been a resounding success on several fronts, receiving substantial attention from both media and academic scholars in multiple disciplines (Tahal&Striteský 2016). Riding this wave of digital broadcast, it didn't take long for other performing art forms to jump into the fray. For example, the renowned Bolshoi Ballet now broadcasts live versions of its program into cinemas, as does the National Theater in London with its dramatic productions. Each of these three is notable in having global reputations for excellence in their respective art forms.

Still in their relative infancy, the phenomenon of digital broadcast of live performance raises some important issues to consider. One argument has been that such broadcasts provide unprecedented access to superb art representations for huge swaths of people who would otherwise have little chance to experience them. Not only that, others suggest the digital cinema experience may even trump the live experience in some situations where a variety of camera angles (including close-ups) and impeccable sound transmission might win over nose-bleed level fixed seating, not to mention pricing at a fraction of the cost (Heyer 2012). Others are concerned

that digital broadcast from the best in the world might cannibalize local live performing arts venues that have a hard time competing on production values and overall quality (Cerny 2014). Yet another scenario is a complimentary relationship where digital access feeds an increasing hunger for local live theater. This view is in line with DiMaggio & Useem (1978) and the concept of “the more, the more” or the pattern for arts consumers to actually prefer increasing consumption the more they are exposed, as opposed to reaching saturation. These questions deserve further empirical investigation to help clarify direction, however, the mean time it could be argued that live digital broadcast of performing arts is here to stay and will likely grow in the near term.

## Medium Theory

One particularly interesting line of inquiry focusing on various art forms, is that of medium theory (Monaco 1981). Medium theory addresses how the *means* of human expression impact the *meaning* of human communication (Hartley, Saunders, Montgomery, & Fiske 1994). The author most associated with medium theory is Joshua Meyrowitz who originated the term in his 1985 book, *No Sense of Place* (Meyrowitz 1985). Similarly, Marshall McLuhan, best known for his phrase “the medium is the message”, addressed the phenomenon of changing media, and specifically the tendency for new medium to disrupt tradition and reshape social life (Croteau & Hoynes 2003). Applying medium theory to what he calls Digital Broadcast Cinema (DBC), with specific reference to the Met opera broadcasts, Paul Heyer evaluates the practice with respect to the conventions that govern theater, broadcast television, and cinema, suggesting the new practice both enhances and compromises the traditional opera going experience (Heyer 2008).

Medium theory assists in evaluating the degree to which digital transmission of live contrasts with attending a real live performance, and how that might more broadly impact the overall art form. An initial consideration is what kind of device the feed is being viewed through. With so many possibilities—phones, tablets, computers, cinema, etc—the variation in sound and audio quality will vary widely resulting in a substantially different overall viewing and aesthetic experience.

Beyond the specific reception device is the social context around which such digital broadcasts are viewed. For example, are viewers gathering in groups or is it primarily solitary viewing? As well, how does the digital format shape the viewers attachment, appreciation, and relationship to the art form? Further, how does the live experience factor into the overall equation? These and other issues will be explored as we evaluate the case study of a jazz club which is doing daily web based digital transmission.

### III. VENUE-BASED VIDEO BROADCAST

Located in the heart of Greenwich Village (NYC), Smalls Jazz Club offers live video streaming of daily performances taking place in its venue seating approximately 80 people—the overall enterprise is branded as SmallsLIVE. A typical weekday schedule includes three shows: including 7:30-10:00PM, 10:30-1:00AM, and 1:30-4:00AM (jam session), with weekends adding another late afternoon presentation from 4:00-7:00PM. Proprietor Spike Wilner—an extraordinary jazz pianist himself (in demand as performer and clinician around the world)—programs some of the most respected musicians from the area, arguably the most plentiful and vibrant region for jazz talent in the world (TimeOut 2014).

This particular case study and business model raises some important questions about audience, reputation, live-vs-digital experience, and musician compensation—among many others. Before addressing these, it will be beneficial to lay out the actual model to help elucidate the broader issues at play. To do this, we utilize elements of the Business Model Canvas (Osterwalder&Pigneur 2013) to clarify the key points of operation.

#### Value Proposition and Customer Segments

The essential value proposition for Smalls is the performance capability and reputation of the performers. Smalls has a reputation for presenting the finest jazz music talent within a highly demanding and discerning environment. While artists who have achieved mainstream renown are typically not on the roster (e.g., Wynton Marsalis, Diana Krall) due to their ability to fill much larger venues, the musician line-up is arguably amongst the most elite in the jazz scene (TimeOut 2014). With a steady rotation and a packed daily schedule, there is also substantial variety in what is on offer (e.g., instrumentation, vocalists, musical styles), though stylistically the music does not stray too far from what proprietor Wilner terms the ‘New York Sound’—“bebop-infused, blues & jazz standards, often swinging hard” (Wilner 2016).

Since 2007, Wilner and his administrative team have been archiving digital audio/visual recordings of every show. As of early 2016 there were over 1200 artists registered as having performed at Smalls, each with some kind of video recording in the archive. The artists have full rights over the master of any recording taking place at Smalls and are able to issue the recording on another label should they choose. Every artist has a login to the site and is able to change/correct information regarding individual recordings (e.g., name spellings, attributions).

The video capture is high-definition quality and regularly rotates between three cameras, offering front and side views of the musicians (as well as the occasional audience member or server). The visual picks up the idiosyncrasies of the cozy club with its pictures, art and variety of seating arrangements. The sound is also impeccable with high quality mics and digital sound feed that is direct and balanced.

In sum, the value proposition is live action audio-visual feed of extremely high-quality jazz music performers, produced with regularity, and projected from an intimate club in Manhattan.

The customer segment consist of jazz aficionados—people logging on to the site to hear the music they love through web links and play-through capabilities (video & sound). Geographically, these would include those living within a 50 mile radius of the club (considered ‘local’) and those outside those boundaries. Another delineation would be those who have been to Smalls and have a direct physical affinity for the club, and those who have only been virtually introduced to the website.

### Channels and Customer Relationships

Web broadcast distribution requires high-speed internet connection as well as playback capability including audio and visual elements. The variation for playback ranges from phone, tablet, and computer (some portable, some not), combined with speakers or headphones. Those who visit Smalls in Greenwich Village often become enamored with its music and charm leading to a desire to stay connected through web-digital means. Some may be local, but can’t always be present in the live setting; while others will live in far flung locales and may have little to no access to live performance of jazz music. Smalls allows free access to the live feed by just signing up with an email address, while unlimited access to the back catalogue requires a subscription fee.

Smalls enthusiasts can sign up for a weekly email message with the upcoming listings preceded by a personal message from proprietor Spike Wilner. This keeps fans regularly updated and connected to the goings on in the club. Smalls also sells album-style CD recordings from its “Live at Smalls” label, as well as various paraphernalia including shirts and hats.

### Key Activities, Resources and Partners

Smalls management books artists, presents shows, broadcasts live performances, and archives past presentations. The website enables sign-in for live access, and collects subscriptions for archival access. Revenues from subscriptions are collected and distributed to artists based on proportional play. Similar to audio streaming services (e.g., Spotify), if a paying subscriber listens to a particular artist during the allotted time, that artist will be compensated as a percentage of overall play.

Key resources include the physical club itself and its overall reputation, both amongst audience and performers. Spike Wilner (along with his staff) is also a key resource based on his relationships to musicians and his deep knowledge of the sector. The venue including AV equipment, instruments, lighting and sound are key to consistent performance quality. In essence, each musician that performs at Smalls can be considered a partner in the Smalls Live operation. With the proportional payout system, musicians have a monetary incentive to direct or encourage fan traffic to the site, with resulting payouts accruing to their own pockets.

## Costs and Revenue

As for expenses, the club organization pays individuals including Spike Wilner and his administration, as well as wait staff. Other ongoing costs include AV and digital equipment upkeep, monitoring, and maintenance. Artists are paid for their performances at Smalls as well as for web play from the archive. The current arrangement allows for Smalls to reap half the revenues from subscribers to support the overall effort, while the other half is distributed to artists proportional to the play their recordings receive on the site. The first payout occurred in January 2016 with a total of \$7000 being distributed to over 100 artists. Artists not reaching the \$20 threshold for a payout are deferred to the next round. The top 20 artists received \$150 or more with this most recent payout.

Patrons visiting the club are charged a cover admission (typically \$20) and may also purchase food and beverages. The freemium model for web broadcast includes free access to live performances, while archival access to these shows after the fact requires a subscription currently at \$10 per month. There are currently just over 400 subscribers contributing approximately \$4000 per month, while another 20 are contributing \$100 or more as goodwill support for the club. At this level, with the 50% revenue share, the web and logistics administration is roughly at a break-even level, while the other 50% accumulates for musician payout. Over 10,000 patrons are currently signed up to receive free web access for live Smalls broadcasts.

## IV. DISCUSSION

We now consider a number of theoretical and pragmatic tensions arising from the Smalls example and experience.

### Local and Global

An obviously beneficial characteristic for Smalls is its physical location and position in the New York City jazz scene. From an audience standpoint, the venue is blessed with a large number of local jazz aficionados (simply measured by the number of jazz venues and musicians in the area) (Hot House 2016), in addition to a very large number of tourist and visitors coming to New York City (McGeehan 2016). This positioning advantage provides the opportunity for substantial exposure and a steady patronage to the club by regulars as well as newcomers. As a leading club in the most robust jazz market in world, Smalls can claim locational advantage over just about any location on the planet. As well, the claim to champion 'The New York Sound' is not a stretch given the quality, breadth and consistency of curation appearing in the club.

This deep and wide exposure ensures a global reputational profile amongst the die-hard fans and musicians, but also amongst an increasing number of fans that continue to be introduced to Smalls as a stop on their temporary visits. Such a club would be difficult to establish in Seattle,

Mineapolis, or even San Francisco. However, other cities or areas could hold analogous reputational advantages in other genres and forms of music. Even within jazz, the New Orleans style could broadcast globally from a club within that particular niche. For genres such as country music, Nashville comes to mind, or for a particular kind of blues, Chicago.

It can also be argued that jazz traditions with distinctively local characteristics in various parts of the world (e.g., Nordic/Scandinavian, Brazilian, Eastern European) could be of interest to a substantially global jazz audience. If the concept of venue streaming were to become commonplace, the possibility exists for smaller niche offerings to emerge. Locational differences could create a long-tail demand effect for those having a preference for distinctive pockets of the art form.

### Competing or Complimentary?

An important consideration for digital broadcast of live performing arts is the question of whether the experience watching a performance on a screen becomes a competitive substitute, or otherwise serves in some kind of complementary relationship role. The challenge of pulling people away from their screens—many of which are now extremely high quality home theaters—and attend live events in the flesh, is arguably increasingly difficult with the quality and variety of content currently available, and increasing by the day. For some, the performing arts offer a screen-free alternative to an otherwise wired world, and perhaps the digital web broadcast flies in the face of such a position. Making such performances available may encourage the lesser experience of watching from the couch instead of being in the audience.

Another argument however, would suggest digital broadcast to be a boon to those hundreds of millions of people who don't have access to live performances in their cities for whatever reason—the live-broadcast delivery is arguably better than nothing. Even for those where the live experience is within reach, such participation is not always possible for whatever reason, and the quick and convenient option of logging in and watching for whatever period of time, may serve as a way to connect and stay interested.

Does digital access discourage local communities from developing their own live venues and music scenes? To the degree to which having digital access lessens the pain of having nothing at all, this might have some credence. However, an opposing argument would suggest that communities where like-minded jazz fans experience digital delivery might be all the more keen to create opportunities for the live experience—web delivery might be considered a gate-way experience leading to wanting to experience the live event. Further, the prohibitive costs associated with presenting live jazz performances—venues, hospitality, artist fees—is largely prohibitive for a vast majority of geographies.

## Sustainable Business Model

The Smalls business model reflects a symbiotic relationship between the live and digital experiences. The location and reputation of the club provides a natural extension to the digital medium. The steady, ongoing offerings at Smalls provide a predictable schedule for both virtual and live audiences, contributing to the digital archive which continues to grow. In addition to providing the motivation for monthly subscribers for access, the archive represents an invaluable record of jazz history in New York City, giving the entire project an aura of higher artistic and social purpose that can be engaged and appreciated globally.

The further emphasis on revenue sharing with participating artists gives the project an additional element of credibility and social good. Still in its infancy with 400 subscribers and a few other more generous donors, the administrative and logistical costs of broadcasting Smalls are covered, while also providing modest payouts to a select number of artists—given the 50/50 split. With the live/digital system in place, Smalls is arguably poised to scale its subscription fees, benefiting from the digital growth metric which provides almost zero variable costs associated with compounding subscriptions. Spike Wilner's medium term goal is to achieve 5000 subscribers which in rough numbers would cover his live-venue rent costs as a start and would further pave the way for increasing ongoing artist fees, as well as exploring further benefits such as musician retirement funds, emergency relief, etc.

For Smalls, the symbiotic relationship between the live venue and digital dynamics has the potential to achieve a virtuous cycle for not just sustainability, but for fundamentally reframing the essence of value capture and dissemination in the music sector. With the decimation of physical music sales (e.g., CDs) and the still evolving promise of large-scale audio streaming, there is a particular need to explore such models, the absence of which threatens the sustainability of an entire ecosystem of musicians (Chaney 2012).

## A Medium for Jazz

Scaling SmallsLIVE will not happen automatically. The enthusiasm of the early adopters cannot be mistaken for the substantial resources and efforts which will be required to secure a broader critical mass of more mainstream jazz fans as subscribers (Moore 2014). An essential component of the equation will be assessing the overall user experience and the fundamental value being provided the consumer. The audio and video quality has made vast improvements even compared to as little as half a decade ago, giving the overall viewing potential a major leap forward. The question still becomes is this an attractive enough medium for jazz?

As medium theory addresses, the digital medium plays a major role in shaping the impact of the performing arts experience on the viewer. Some would argue an essential characteristic of live jazz improvisation comes through audience engagement and acknowledgement through applause and joyful noise-making—in other words, nothing replaces the live, socially-embedded experience. Listening to audio recordings obviously is prevalent, but watching live video



performance (either in the moment or in archive) is a mostly new concept. The question of how such video is experienced (background music, attentive viewing, sampling, etc) and how it will be incorporated into the lives is still an unknown. It is also possible that the current format may need to be tweaked to meet the needs of a broader set of viewers is still an open question.

## V. CONCLUSION

### Growth and Scale

The systems are in place for SmallsLIVE to scale. The enduring reputation of Smalls jazz club located in the heart of Greenwich Village has been successfully blended into a live broadcast format having global reach. This ingenious blend of live, local dynamism in a specific music sector, piggy-backing on the long tail of international jazz appreciation, represents a true business model innovation in this sector. The added social element with the potential to improve the livelihoods of participating musicians (otherwise notoriously exploited and underpaid) as the project scales, provides an arguably robust business model platform with a convincing social element.

Nevertheless, the possibility for SmallsLIVE to scale and achieve the kind of growth Spike Wilner hopes for is not an inevitability. The hard work of customer discovery, attraction, retention, and feedback—essential practices for all digital startups looking to scale (Moore 2014)—will still be required to convert enthusiastic jazz fans into paying subscribers. Despite the attractiveness of the offering, rich in both cultural and social capital, consumers still need to be convinced to spend their scarce resources, particularly on an ongoing subscription.

### Natural Settings and Locations

An obvious issue in this discussion has to do with the uniqueness of the SmallsLIVE operation and the degree to which its business model can be emulated. There is no denying the unique position Smalls occupies in the New York City jazz scene—indisputably a one-of-a-kind in the world. However, there are arguably numerous analogous genres, communities, and venues that might similarly lay claim to robust local offerings that could be of interest to a global audience. As already mentioned, the unique sound of New Orleans jazz (substantially different from the New York sound on offer in NYC) would arguably have global appeal to a substantial niche. Chicago blues, Nashville country, Seattle grunge, the list goes on and on, and could be divided into subgenres.

If the project manages to scale successfully, enterprising venue owners the world over may find the SmallsLIVE experiment an inspiration for adapted business models in other genres and locales. Given the unique dynamics of jazz, an expectation would be for each project to be

uniquely shaped for its own context and specifications. The essential business model element would be bridging value from a dynamic local scene into global digital access.

#### Possible Futures

The SmallsLIVE case study presents a bold new business model for a music sector that has been severely altered by technological change and economic disruption. This effort attempts to marry the very best of local music venue vibrancy with the brave new dynamics of digital distribution on a global stage. Whether the project will meet its objectives and adequately scale remains to be seen. Whether this case is just the start of an innovation wave that will look to reformat the business models for the performing arts, highly likely.

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