

A black and white silhouette of the Chicago skyline, featuring prominent skyscrapers like the Willis Tower and the Trump Tower. The skyline is set against a dark background.

# CHICAGO

## MUSIC CITY

**A REPORT ON  
THE MUSIC INDUSTRY  
IN CHICAGO**

prepared for  
**THE CHICAGO MUSIC COMMISSION**

by  
**THE CULTURAL POLICY CENTER  
AT THE UNIVERSITY OF CHICAGO**

**Lawrence Rothfield, Don Coursey,  
Sarah Lee, Daniel Silver and Wendy Norris**

**with Tim Hotze, John Felkner, Justin Savage,  
Fan Wang and Alex Moore**



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## CHICAGO MUSIC CITY

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A joint initiative of the Harris School of Public Policy Studies and the Division of the Humanities, the Cultural Policy Center is a nationally recognized leader in the emerging field of cultural policy research and education. Its mission is to provide research and inform policy that affects the arts, humanities, and cultural heritage.

This report was prepared for the Chicago Music Commission.

The Chicago Music Commission is dedicated to nurturing and serving Chicago's music community, and promoting it to the world.

The Chicago Music Commission website: <http://www.chicago-music.org>

Phone: 773.866.9739

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# INTRODUCTION

Over the past few years, cities around the country have increasingly been touting the vigor of their music industries. From Austin to Nashville, Atlanta to Seattle, cities are commissioning reports that show the undeniable importance of music and the music industry to the local economy and urban culture.

These studies reveal much of value about the individual cities for which they were prepared. But because they concentrate almost exclusively on their home cities, such reports tend to provide few comparative statistics about other “music cities.” That might not be a problem if all studies rigorously adhered to the same methodology for determining economic impact. Unfortunately, that is not the case. Studies often begin from different assumptions about what counts as part of the music industry. Compounding the problem, they then apply different “multipliers” to estimate the indirect and induced effects of dollars spent originally on making or buying music. These multipliers themselves, moreover, are somewhat suspect. A small tweak in assumptions, and the measurement of a city’s employment and revenue impact can balloon.<sup>1</sup> And in any case, certain aspects of the music business—including the live music being heard around the city—are simply not captured by these measures. As a result, it has been impossible to say how cities stack up against each other on various measures of musical vitality—until now.

Thanks to a generous grant from the Chicago Music Commission, the Cultural Policy Center at the University of Chicago has undertaken the first comparative study of music industries and music scenes in the fifty most populous metropolitan areas in the United States. We measure the size of the music industry in Chicago and elsewhere according to a number of basic economic metrics, eschewing the use of multipliers in order to provide a more transparent view of employment, revenue and payroll within the sector. We also show that the music industry, despite its relatively small size, may be a driver of job growth: music industry jobs levels are strongly correlated statistically to increases in overall employment in counties nationwide.

Considered simply in terms of the jobs it provides, the businesses it includes, the payroll it generates, and the job growth it spurs, the music industry turns out to be an important component of the overall economy of Chicago (and of other cities as well). But these ways of looking at the music industry capture only part of its contribution to the economy of a city. At least as significant, we believe, is the role that music plays in enticing music-lovers to visit and even relocate to a city with a vibrant live music scene. With competition for tourist dollars increasingly fierce, and with urban developers and planners increasingly aware of the need to woo the “creative class”<sup>2</sup> by investing in amenities that improve the quality of life, what goes on in local music clubs, ballrooms, large auditoriums, festivals, and even basements and garages is important to the future of cities.

While it seems obvious that some cities suffer from dull live music scenes while others can boast of hot ones, capturing that difference in numbers is no easy task. To begin to measure and compare the strength of live music scenes across the United States, we have developed an innovative set of metrics. Pulling together information from various data sources about concerts performed, tickets sold, record sales and critical rankings of artists, the size and musical focus of venues, and even the number of unsigned bands, we are able to show how cities vary in the supply, popular appeal, critical recognition, variety, availability, and affordability of live music.

What emerges from the combination of industrial and “scene” statistics is a multi-dimensional profile of the music business in fifty different metropolitan areas around the country in 2004, with Chicago as the central focus.<sup>3</sup> We also benchmark Chicago against a smaller comparison group of eleven cities, consisting of its demographic peers (Los Angeles and New York), along with a set of other cities that either have produced economic impact studies of their own music industries (Seattle, Austin, Nashville, Atlanta), stand out as particularly strong in several dimensions of performance (Boston, Las Vegas), or possess strong musical traditions (New Orleans, Memphis).

## KEY FINDINGS

- Among the 50 most populous metropolitan areas,<sup>4</sup> Chicago ranks fifth in the number of musical groups and artists employed. Nearly 2,000 individuals are on the payroll of musical entertainment businesses, out of a total estimated at almost 50,000 nationwide. Chicago is home to twice as many musicians as Seattle, and ten times as many as Austin.
- The core component of Chicago’s music industry employs nearly 13,000 people in 831 businesses. Chicago has the third-largest music workforce, third-largest number of music businesses, and third-largest payroll in the country, roughly \$280 million in 2004. Receipts generated by the core component of the music industry total \$84 million. Sound recording studios in Chicago produced more revenue than their counterparts in Atlanta, coming in not far behind Nashville (though far behind Los Angeles and New York).

- Overall employment in all music sub-industries in the Windy City is 53,000, in businesses that generate payrolls totaling over \$1 billion, again third in the country.
- Music industry employment makes a difference to the overall economy: statistical analysis of counties nationwide strongly suggests that music employment levels are positively associated with county-level job growth.
- Demand for recorded music in the Windy City is relatively high for R & B and rap, low for country music and—surprisingly—low as well for jazz, Latin and gospel recordings.
- The live music scene responsible for attracting tourists and the “creative class” is extraordinarily strong in Chicago. 1,093 shows were performed in Chicago in 2004 by touring performers, generating nearly \$80 million in revenues. 47 out of *Billboard’s* Top 100 artists appeared in Chicago, almost as many as in New York or Los Angeles.
- Critically-acclaimed performers are far more likely to appear in Chicago than in New York. Among our comparison cities only Seattle has a higher percentage of shows by critical favorites. And Chicagoans prefer quality more than others: in no other city do critically-acclaimed artists sell a higher percentage of the total number of tickets sold to shows, or rake in a higher percentage of total receipts.
- Critical favorites generate less revenue per show than other artists in every city we examined. In Austin, such musicians bring in only a third the average revenue per show, while in Las Vegas, the figure is an abysmal seven percent.
- Chicago is a musical omnivore’s paradise. To a much greater degree than anywhere besides Atlanta, the music scene of small clubs in the Windy City is devoted to specific genres of music, and Chicago offers more kinds of music regularly than anywhere except New York or Los Angeles.
- Chicago offers ample numbers of seats in both large and small venues. With 28,000 seats in clubs and other small venues, Chicago is ahead of Austin, Nashville and Memphis. The average club in Chicago is about the same size as the average club in Austin.
- Chicagoans are more able than most citizens to get a ticket at an affordable price to a show in a relatively intimate venue that is hopping. Catching a show in Chicago is less expensive than in New York or Los Angeles, and comparable to the cost in Nashville, Seattle, or Austin. And for shows featuring performers on the *Billboard* charts, only Austin is cheaper.
- Live music clubs are more densely packed in Chicago than in Los Angeles, but tend to be strung out along major arteries rather than clustered within walkable neighborhoods as in New York.

# DEFINING THE MUSIC INDUSTRY

To speak of the music business as an industry is to conjure up the specter of a highly centralized, vertically integrated, factory-like system of production, a monster conjured up by the sociologists Adorno and Horkheimer in their seminal critique of what they were the first to call “the culture industry,” and shared by many a musician battling for creative control against the “suits” at the record company.<sup>5</sup>

The truth is somewhat more complicated. As economist Richard Caves has pointed out, the bedrock properties of creative activities (the uncertainty of demand, the emotional investment of artists in the product they are making, the need to combine genius with humdrum inputs, etc.) mean that creative industries, including music, “differ in substantial and systematic (if not universal) ways from their counterparts in the rest of the economy where creativity plays a lesser (if seldom negligible) role.”<sup>6</sup> The music industry may appear a rational, well-oiled machine spitting out nearly identical musical commodities, but it is far more Rube Goldberg-ish than it appears.

This complexity makes it difficult to use standard industrial measurement tools such as the North American Industry Classification System (NAICS) as the basis for defining the music industry. NAICS, a system for categorizing business establishments developed by the US Office of Management and Budget, groups together business units that use similar processes in the production of goods and/or services. It enables us to count how many employees work in recording studios, instrument-making companies, or in wage-earning jobs as musicians or groups; how many companies populate the field, and with what size payrolls; and how much revenue is generated by music establishments. Because music production involves what Caves calls a “motley crew” using very different skill sets and engaged in very different kinds of productive processes,<sup>7</sup> however, there is no one NAICS code or set of codes covering the whole industry. To begin with, then, it is necessary to pick out those categories of business units that participate in the music industry.

We did this by examining each coded industry category to determine whether it had any connection to music at all, and if so, whether it constituted part of the core component of the music industry or part of its periphery. Businesses wholly or predominantly involved in the performance, production, or distribution of musical activity—such as “musical groups & artists,” “sound recording studios,” and “radio networks”—were easily designated as part of the core component. However, some industry categories, such as “independent artists, writers or performers,” lump together musical and non-musical work. Other categories—for example, “audio and video equipment manufacturing”—define businesses that support the performance, production or distribution of music, but may also support non-musical work. We place both these kinds of hybrids in the peripheral component of the music industry. The table below provides an exhaustive list of the 6-digit industries included in our definition of the music industry.

## FIGURE 1 MUSIC INDUSTRY DEFINITION

NAICS Code SUB-INDUSTRY DESCRIPTION

### CORE MUSIC SUB-INDUSTRIES

339992	Musical instrument manufacturing
451140	Musical instruments and supplies stores
451220	Prerecorded tape, compact disc and record stores
512210	Record production
512220	Integrated record production/distribution
512230	Music publishing
512240	Sound recording studios
512290	Other sound recording industries
515111	Radio networks
515112	Radio stations
711130	Musical groups and artists

### PERIPHERAL MUSIC SUB-INDUSTRIES

334310	Audio and video equipment manufacturing
334612	Prerecorded compact disc, tape and record reproducing
611610	Art, drama and music schools
621340	Offices of physical, occupational and speech therapists and audiologists
711110	Theater companies and dinner theaters
711300	Promoters of performing arts, sports and similar events
711400	Agents and managers for artists, athletes, entertainers and other public figures
711500	Independent artists, writers and performers
722400	Drinking places

*North American Industry Classification System 2002.*

A classificatory framework of some kind is indispensable, and like every framework, ours has certain shortcomings. One is that it fails to register the distinction between for-profit and non-profit music businesses. The economic facts of life for orchestras and classical musicians, along with other musicians working primarily in the non-profit sphere, are quite different from those faced by commercial bands and performers. The special problems facing symphony orchestras deserve to be analyzed in detail independently, but we are unable to do so within the framework of this study.

A second limitation stems from viewing the music industry as a set of firms first and foremost. Doing so means ignoring or radically undercounting the vast amount of work being done by roughly half of all musicians: the self-employed.<sup>8</sup> Online music sites such as MySpace Music and garageband.com register, in Chicago alone, the presence of thousands of musical groups and artists missing from the NAICS census—but these sites tell us nothing about their income from gigs or recording sales. We capture some financial information about these individuals and groups by using the Non-Employer Statistics dataset, which tracks establishments and receipts generated by tax-paying businesses that do not have employees. Self-employed individuals doing work in the music industry (regardless of whether their primary earnings are from music industry work or whether they only moonlight in the music industry) are represented in this dataset, but only if they report musical earnings of at least \$1000 on their federal tax returns.<sup>9</sup> Given the nature of the business, it is highly likely that self-employed musicians are underreporting their income, or not reporting it at all. Tracking the

money is made even more difficult by the fact that around 40% of the 249,000 musicians who found music-related jobs in 2004 were only working part-time.<sup>10</sup>

Also still missing or undercounted is what we believe to be substantial economic activity generated by gospel musicians, choir directors, organists, cantors, muezzins, elementary and secondary school music teachers, and other performers working in places of worship or schools. These individuals do not show up in our employment figures because their industries of employment are non-musical. We have been unable to find data sources that we judge adequate for providing comparative economic statistics either for gospel and other religious music. Given the robustness of these musical activities (almost two-thirds of wage- or salary-earning musicians are employed by religious organizations), this is a lacuna that should be noted.<sup>11</sup>

Music festivals and street fairs form another important component of the musical life of American cities. In 2004 in Chicago alone, 9.3 million people attended festivals—including small neighborhood gatherings as well as world-renowned festivals for blues, gospel, jazz, and Latin music. The impact of this kind of activity on a city's economy, the vitality of its local music scene, and its ability to draw tourists and new residents should be studied. In the absence of reliable comparative data, we have chosen to set this aspect of the music sector to the side.<sup>12</sup>

Last but not least, the industrial framework fails to capture the contribution provided by the informal music sector: jam sessions, street corner singing and busking, passing down of local or ethnically-based musical traditions and techniques, apprenticeships, and the like. All this non- or sub-market activity constitutes a potent form of cultural capital, sustained by social networks. When those networks are decimated, as in New Orleans in the wake of Hurricane Katrina, the long-term vitality of the music industry is sapped. Defining the value of musical cultural capital is far beyond the purview of this project, but policymakers would be foolish to ignore it, or the social networks in which musical know-how accumulates. That is especially true for Chicago, given the city's vibrant ethnic musical traditions (cuatro, mariachi, polka, and so forth) and the many seminal contributions Chicago's neighborhoods have made to popular music over the years: hot jazz, gospel, urban electric blues, free jazz, house music, and so on.

In addition to these intrinsic limitations associated with industry studies *per se*, there are also limitations connected to the choices we have made of which kinds of firm belong in the core or periphery, as well as with the very idea that the best way to divide the industry is into core and peripheral business categories. One might, for example, split up the industry instead according to whether the product is recorded or live music. The live music scene, however, is poorly captured by the NAICS classifications, so we have chosen to focus on it separately in the latter portion of this report. Yet another possible subdivision would group music production businesses separately from those engaged in music distribution. There are many other ways to subdivide the music industry. Our point here is simply that the classificatory framework we have chosen is only one among many, each with its own advantages and drawbacks. ■

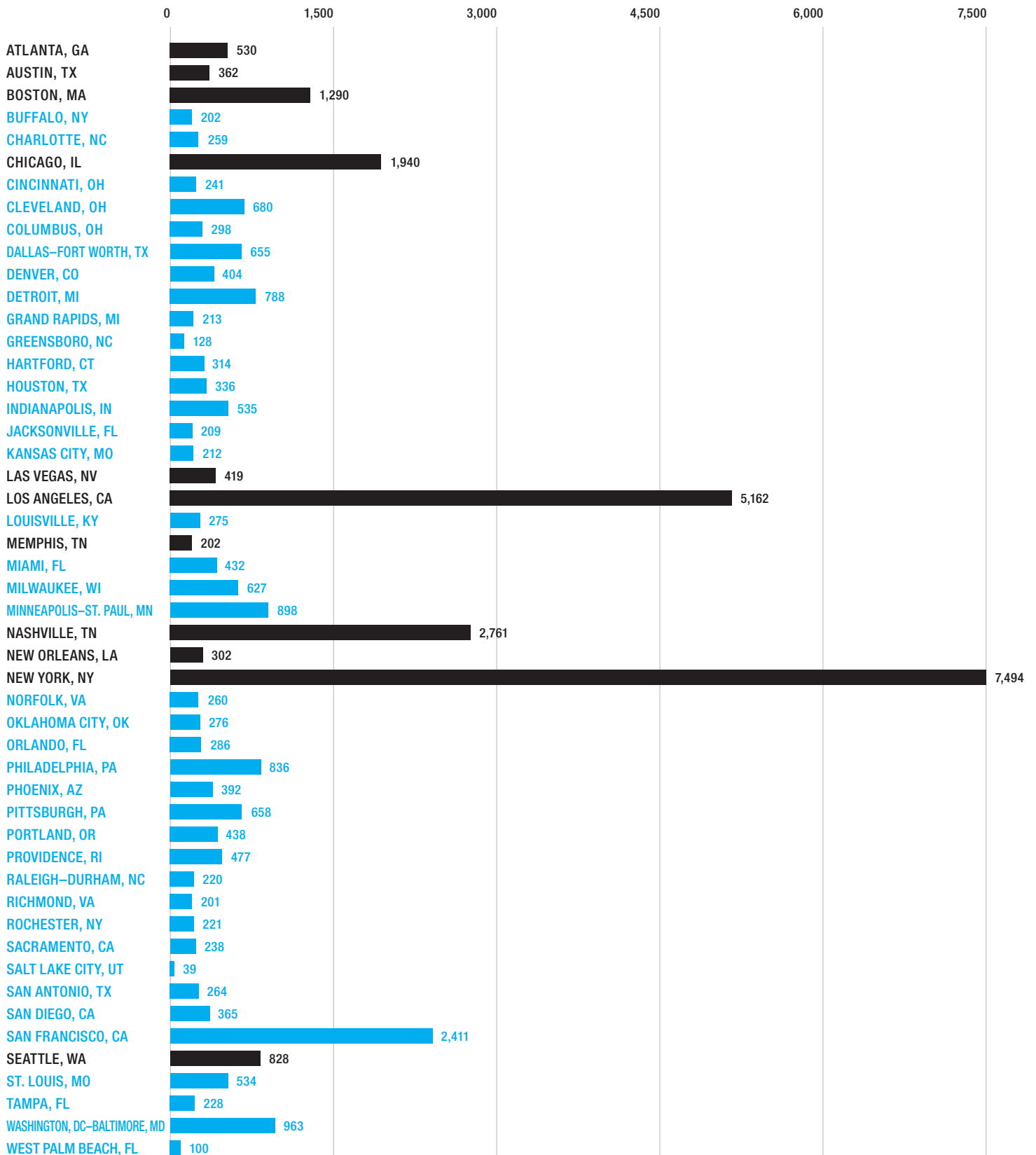
## HOW CHICAGO STACKS UP:

# EMPLOYMENT, ESTABLISHMENTS, PAYROLLS AND REVENUE

## THE CORE OF THE CORE: EMPLOYED MUSICIANS

There can be no music without musicians. Any comparative study of music industries must therefore begin by asking how many musical groups and artists are making a living in the metropolitan statistical areas being studied. This is not an easy question to answer, but a start can be made by drawing on statistics that track the employment of musical groups and artists.<sup>13</sup> These statistics show that among the 50 most populous metropolitan areas, Chicago ranks fifth in the number of musicians and groups employed, trailing New York, Los Angeles, Nashville, and San Francisco. Nearly 2000 individuals found employment in musical entertainment firms in Chicago in 2004. This measure, as noted above, captures studio musicians and those with permanent gigs, but does not count the much larger number of self-employed musicians. (Please see “Defining the Music Industry.”)

**FIGURE 2 MUSIC INDUSTRY EMPLOYMENT: MUSICAL GROUPS AND ARTISTS SUB-INDUSTRY, FIFTY LARGEST MSAs**

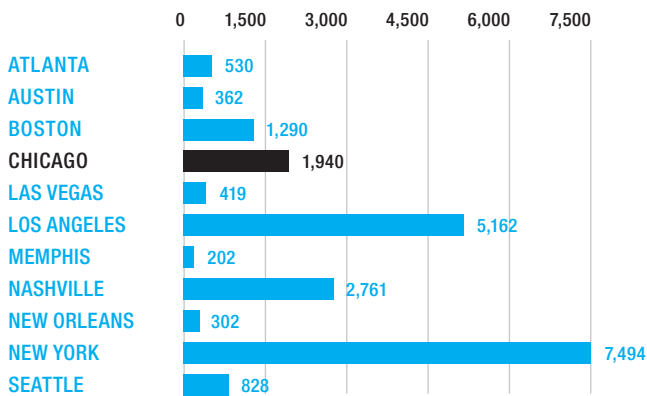


County Business Pattern Data 2004. Aggregated to Metropolitan Statistical Area.



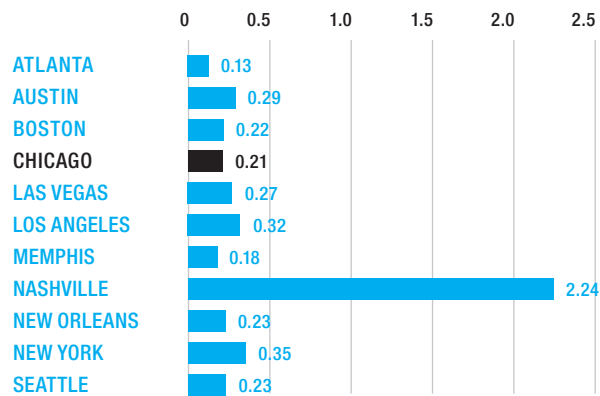
New York and Los Angeles dwarf other metropolitan areas, Chicago included, in the number of employed musicians, reflecting in part their much larger populations (21 million for New York, 16 million for Los Angeles, compared to Chicago’s 9 million inhabitants). Nashville’s third-place ranking for employed musicians is all the more impressive because its population is only five percent as large as New York’s. Indeed, if we were to award the title “Music City” to the metropolitan area with the highest number of employed musicians per capita, Nashville would win it, with two musicians for every 1000 residents. All other cities, including Chicago, have a ratio of musicians-to-residents approximately a tenth the size of Nashville’s. ■

**FIGURE 3 MUSIC INDUSTRY EMPLOYMENT: MUSICAL GROUPS AND ARTISTS SUB-INDUSTRY**



County Business Pattern Data 2004.

**FIGURE 4 MUSIC INDUSTRY EMPLOYMENT: MUSICAL GROUPS AND ARTISTS SUB-INDUSTRY, PER THOUSAND PEOPLE**



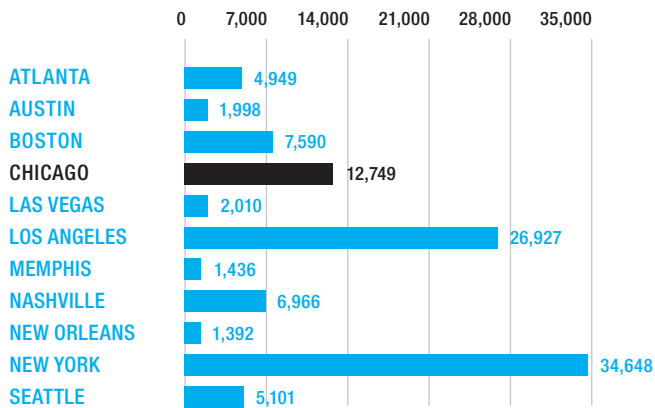
County Business Pattern Data 2004.

## A BROADER VIEW OF EMPLOYMENT: THE CORE COMPONENT OF THE MUSIC INDUSTRY

While musicians and groups form the very heart of the business of music-making, there are many others whose work is fundamental to the performance, production, or distribution of music. Record producers, sound recording studios, music publishers, instrument makers and sellers, and radio stations all are crucial to the operation of the industry as a whole. A somewhat broader view of the music industry takes into account the contributions made by these sub-industries.

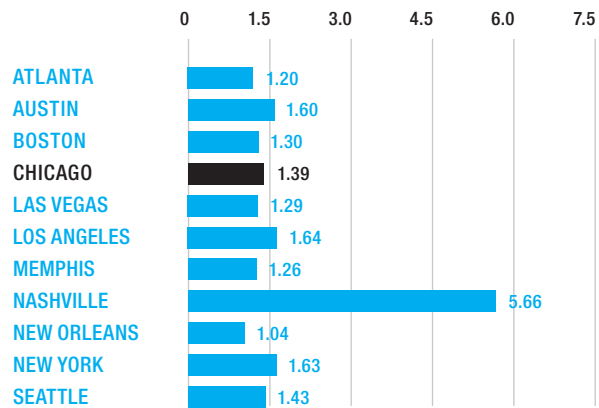
Los Angeles and New York nonetheless still have two and three times the number of music industry employees, again reflecting their demographic advantage. On a per capita basis, Nashville continues to stand out as a music industry “company town.” (For comparison of employment in the core component of the music industry across all 50 of the most populous metropolitan areas, see Appendix 1—Music Industry Employment: Core Component and Total.) ■

**FIGURE 5 MUSIC INDUSTRY EMPLOYMENT:  
CORE COMPONENT**



County Business Pattern Data 2004.

**FIGURE 6 MUSIC INDUSTRY EMPLOYMENT:  
CORE COMPONENT, PER THOUSAND PEOPLE**



County Business Pattern Data 2004.

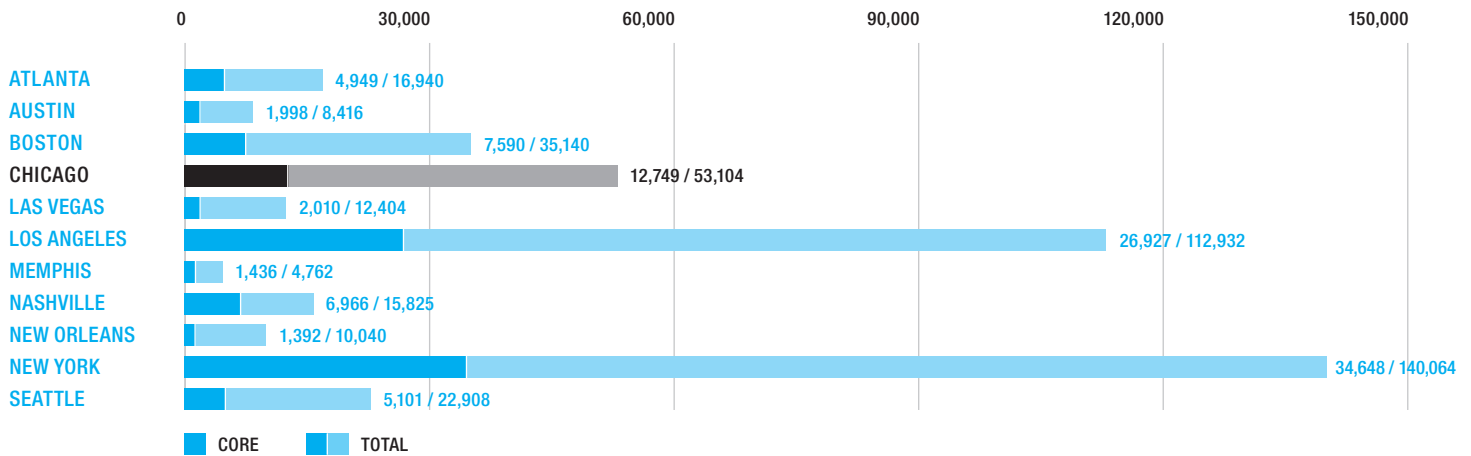
## AN EVEN BROADER VIEW: INCLUDING THE PERIPHERAL COMPONENT OF THE MUSIC INDUSTRY

In addition to the “core” sub-industries involved in the professional performance, production, or distribution of music, standard industrial classifications also incorporate some other industrial categories for which at least a portion of the activity can be traced to a connection with the music industry. For some categories—such as “independent artists, writers, or performers”—musical and non-musical workers are lumped together. In other categories—audio and video equipment manufacturing, for example—some work may be done in support of the music business, but a substantial portion serves other industries. As classified, agents and promoters, for instance, represent and promote not only musicians, but also actors, writers, athletes and teams, and so forth. Some research studies attempt to estimate the fraction of economic activity that can be attributed to the music business in each of these sub-industries, using data mining and survey techniques. These techniques are not easily replicated across multiple cities because the fraction of music-related activity in any one sub-industry varies greatly from city to city. For that reason we present here, for purposes of comparison, the unadorned figures.

When we expand the definition of the music industry to include both core and peripheral categories of work, Chicago’s music industry employment figure triples, to 53,000. It remains in third place, but the gap narrows slightly between Chicago on one hand, and New York and Los Angeles on the other.

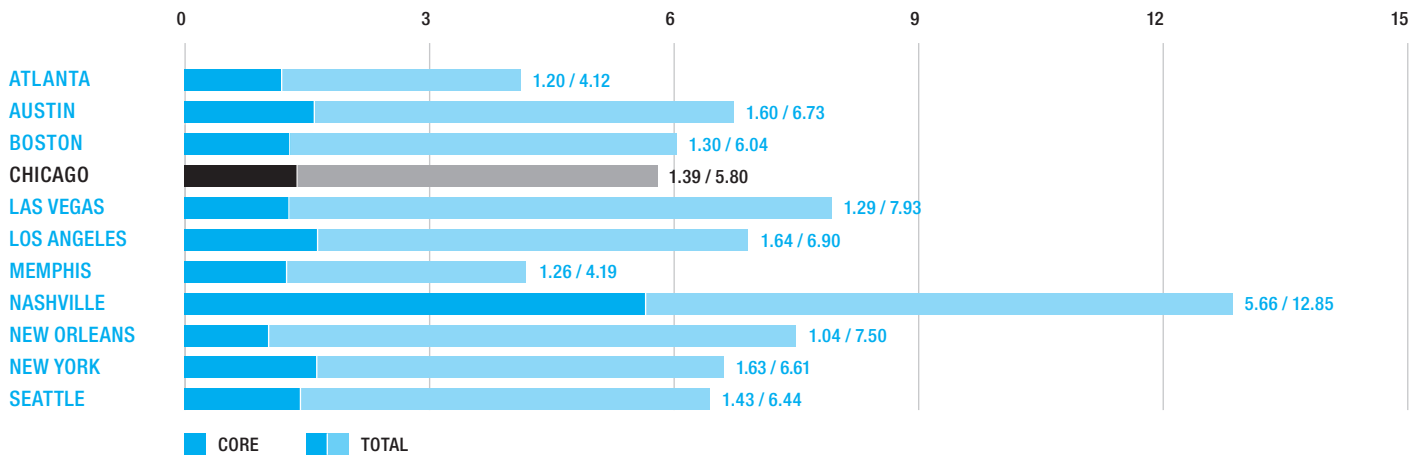
On a per capita basis, Nashville still outperforms other cities in terms of music industry employment when core and peripheral categories of music-related work are combined. Its lead, however, is now only 2:1 rather than 10:1, probably reflecting the relative dearth of sports promoters, theatre companies, agents, and non-musical independent artists and writers in the country music mecca. (To see how adding in these peripheral sub-industries changes the view of the overall music industry across the 50 most populous metropolitan areas, see Appendix 1.) ■

**FIGURE 7 MUSIC INDUSTRY EMPLOYMENT: CORE COMPONENT AND TOTAL**



County Business Pattern Data 2004. The core of the music industry includes, but is not limited to, commercial enterprises dedicated to performing, producing, and broadcasting, and selling music. The total includes the core, plus peripheral sub-industries that support it, including promoters, managers, schools of art, music, and dance. Please see Figure 1 for further details.

**FIGURE 8 MUSIC INDUSTRY EMPLOYMENT: CORE COMPONENT AND TOTAL, PER THOUSAND PEOPLE**



County Business Pattern Data 2004. The core of the music industry includes, but is not limited to, commercial enterprises dedicated to performing, producing, and broadcasting, and selling music. The total includes the core, plus peripheral sub-industries that support it, including promoters, managers, schools of art, music, and dance. Please see Figure 1 for further details.

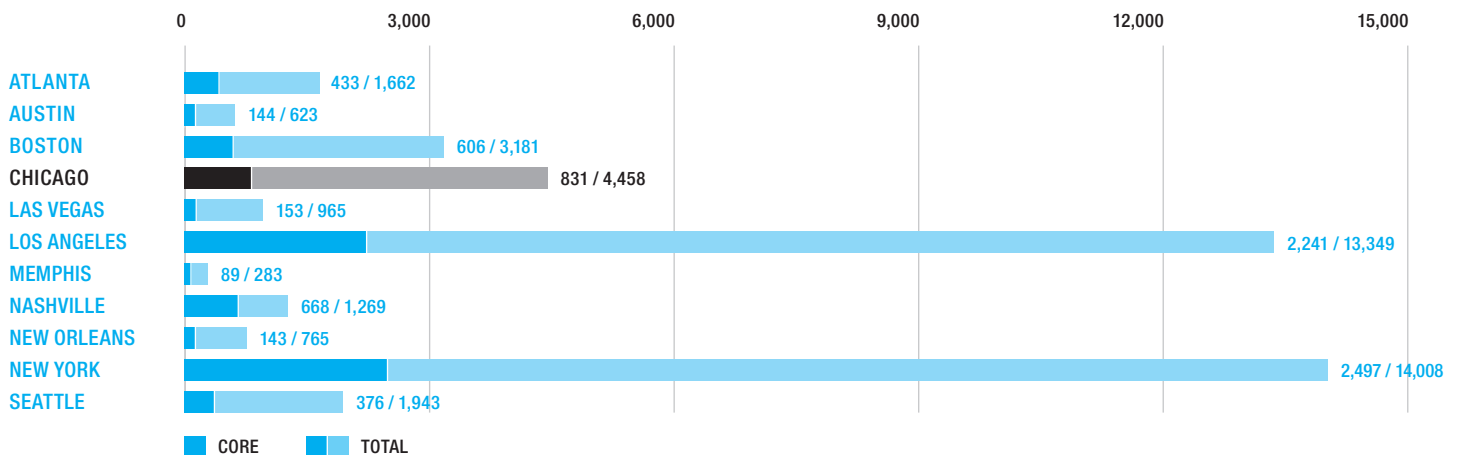
## WHY MUSIC EMPLOYMENT MATTERS

An industry employing 53,000 people in any metropolitan area is large enough to merit at least some attention from policymakers. But more workers are employed by many other industries in and around Chicago. Why should policymakers care about this small subset of the city’s total employment? Statistical analysis strongly suggests that the music business packs a surprisingly powerful economic punch for its relatively diminutive size. We have found that local music employment is related to a small net increase in overall employment at the county level, suggesting a strong relationship between music industry employment and overall employment on a nationwide basis. The employment effect of music industry-related jobs is still present even when one takes into account other factors normally assumed to drive local employment, such as the number of college graduates, the per capita income, or the crime rate. (Please see Appendix 2 for a thorough explanation of our analysis.) ■

## ESTABLISHMENTS: ANOTHER WAY OF MEASURING INDUSTRY SIZE

The number of employees in an industry reveals only one aspect of industry size. Another way to measure industry size is by the total number of firms involved in it. Here again, focusing only on establishments in the core component of the music industry (recording studios; stores selling instruments and recordings; radio stations; incorporated performers; and instrument manufacturers), Chicago ranks third behind New York and Los Angeles. Within the comparison group, Boston is behind Nashville, and Seattle is behind Atlanta when establishments are counted instead of employees. ■

FIGURE 9 MUSIC INDUSTRY ESTABLISHMENTS: NUMBER OF FIRMS IN CORE COMPONENT AND TOTAL



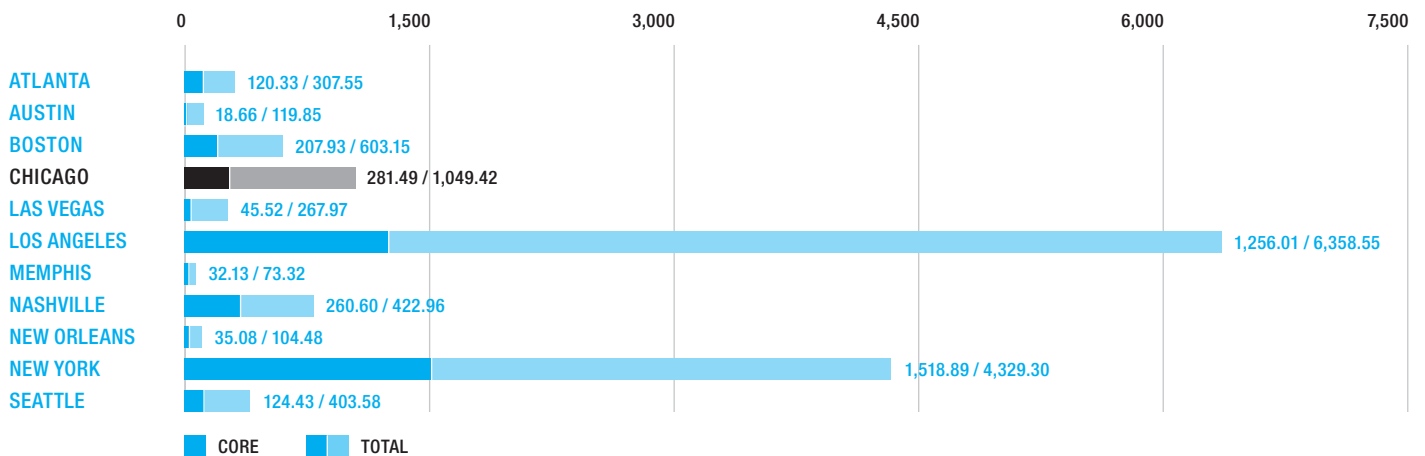
*County Business Pattern Data 2004. The core of the music industry includes, but is not limited to, commercial enterprises dedicated to performing, producing, and broadcasting, and selling music. The total includes the core, plus peripheral sub-industries that support it, including promoters, managers, schools of art, music, and dance. Please see Figure 1 for further details.*

## PAYROLLS: A MONETARY MEASURE OF INDUSTRY SIZE

Employment and establishment figures leave open the question of how economically successful the music industry is. A city may have fewer employees or firms than others, but if those employees are highly-compensated superstars or those firms are very successful, the city's music industry may be delivering a greater economic punch than larger industries in other cities. One way to capture in monetary terms the strength of an industry is by looking at payroll figures.<sup>14</sup> Here again, Chicago finds itself in third place nationally with payrolls in the core music industry amounting to roughly \$280 million annually, only a quarter the amount generated by businesses in the Los Angeles and one-fifth the payroll of New York-area firms.

Similarly, when one adds in the peripheral music industries' payrolls, Chicago remains in third place, generating over \$1 billion in payroll compared to the Los Angeles area's whopping \$6.4 billion (a figure almost certainly distorted by the presence of the film industry). However, Chicago's payroll is more than twice the size of Seattle's and Atlanta's and fifteen times the size of Austin's.

**FIGURE 10 MUSIC INDUSTRY PAYROLL: CORE COMPONENT AND TOTAL, IN MILLIONS OF DOLLARS**



*County Business Pattern Data 2004, using NAICS codes. The core of the music industry includes, but is not limited to, commercial enterprises dedicated to performing, producing, and broadcasting, and selling music. The total includes the core, plus peripheral sub-industries that support it, including promoters, managers, schools of art, music, and dance. Please see Figure 1 for further details.*

If one looks at average annual payroll per employee, a very different picture emerges. In the core industries comparison, Los Angeles retains its first-place ranking, with the average employee drawing an impressive \$47,000. At \$45,000 Dallas-Fort Worth jumps to second place, due to very high average payroll in the “radio networks” sub-industry. (Dallas-Fort Worth is the home of the Spanish-language media conglomerate Univision’s radio component.) Chicago drops dramatically in this ranking from third to twentieth, with payrolls per employee of \$22,000. (Please see Appendix 3.) ■

## THE REVENUE PICTURE

There is no straightforward way to count the revenues generated by music businesses. It is possible, however, to generate relatively trustworthy estimates of the receipts for various categories of firms. Doing so for all 50 metropolitan areas was beyond the scope of this study, but we were able to compare Chicago’s revenue picture with its peer group of music cities. (For a revenue chart of Chicago and comparison cities, and an explanation of the methodology used to estimate receipts, see Appendix 4.)

Chicago’s core music industries generated an estimated \$84.47 million in annual receipts in 2004, putting the Windy City third in our comparison group, followed by Nashville, Boston, Atlanta, Seattle, Las Vegas, Austin, New Orleans, and Memphis. But both New York (\$305 million) and Los Angeles (\$414 million) were in a different league altogether. Chicago trailed these two larger cities in all categories, but the key shortfalls lay in the revenue generated by sound recording studios and musical groups and artists. New York’s recording studios brought in an estimated \$33.5 million, while Los Angeles did even better at \$59.3 million. By contrast, Chicago’s recording studios generated only an estimated \$6.5 million in revenue. Much of that revenue was probably generated by musical groups and artists, so it is not surprising to find Los Angeles and New York also showing much higher revenue earnings by musicians (\$132 million and \$73 million respectively, compared to only \$13.5 million for Chicago-based performers).

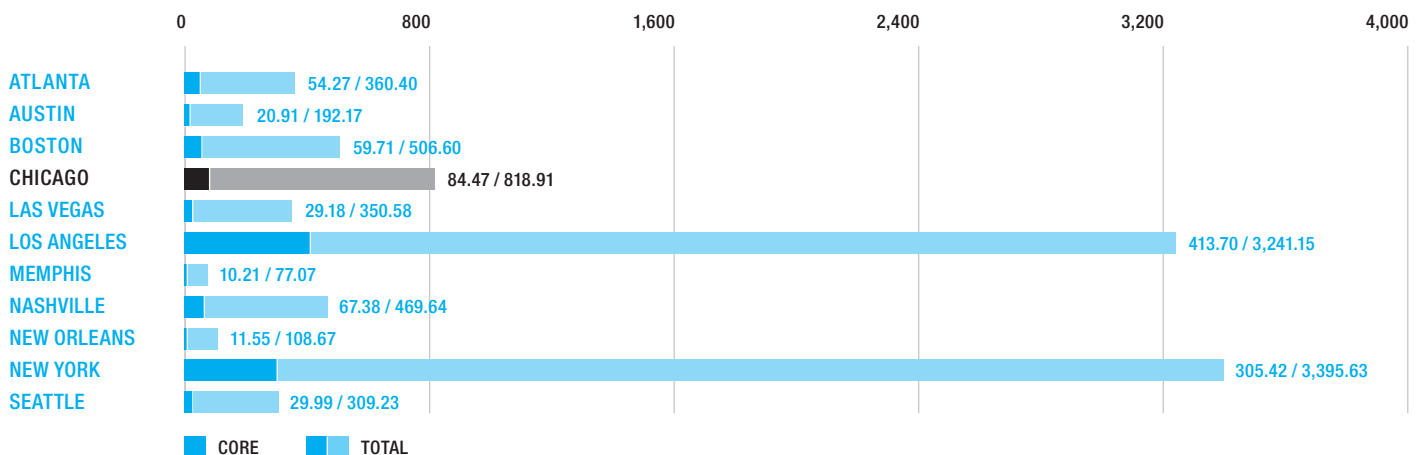
Chicago's revenue advantage over its closest comparison city, Nashville, stems from its strength in retail stores selling musical instruments or records, and from its radio stations. Nashville's radio stations generate only \$2 million annually, compared to Chicago's \$14 million. But Nashville leads Chicago in receipts generated by musical groups and artists, recording studios, and most strikingly, music publishing (\$14 million to Chicago's \$1 million).

In Seattle, by contrast, music publishing is nearly non-existent, while radio stations generate nearly the same amount of revenue as do musical groups and artists. And record stores in Seattle actually bring in more receipts than their counterparts in Nashville.

Chicago's core most closely resembles Boston, though on a larger scale. Boston actually outsells Chicago in music instrument retail revenues, but its musicians and recording studios earn substantially less, as is the case with Atlanta.

When we consider peripheral music sub-industries as well, we find that New York and Los Angeles outpace Chicago in total revenues generated in 2004. The figures here, it should be emphasized, are extremely crude measures of the music industry, since the categories involved include substantial numbers of non-musical firms. The figures for "independent artists, writers and performers," for instance, likely includes many more writers and actors than musicians, and in that category alone Chicago is estimated to be producing \$1.7 billion less in revenue than either New York or LA. For this reason, the figures for total estimated receipts for core and peripheral musical industries combined should be treated with caution. With that caveat, it can be reported that Chicago's estimated receipts amount to \$819 million. ■

**FIGURE 11 MUSIC INDUSTRY REVENUE: CORE COMPONENT AND TOTAL, IN MILLIONS OF DOLLARS**



*County Business Pattern Data 2004, Non-Employer Statistics 2004. The core of the music industry includes, but is not limited to, commercial enterprises dedicated to performing, producing, and broadcasting, and selling music. The total includes the core, plus peripheral sub-industries that support it, including promoters, managers, schools of art, music, and dance. Please see Figure 1 for further details.*

## RECORD SALES:

# MEASURING THE MUSIC INDUSTRY THROUGH CONSUMPTION

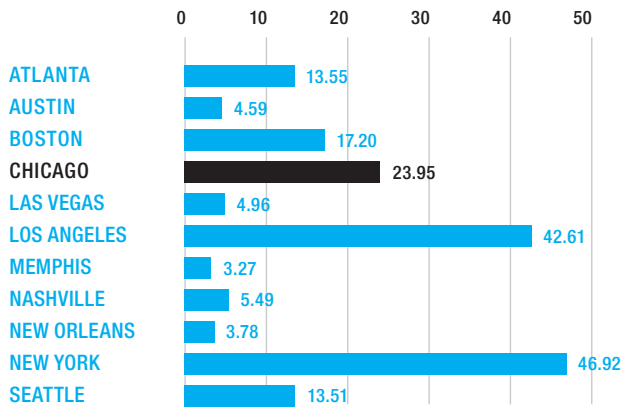
Austin's strong record store revenue figures are reflected in what we find when we look at the music industry from the consumption end. Using information from Nielsen SoundScan about sales of music products, we can assess consumer demand for recordings.<sup>15</sup> More recordings were purchased per household in Austin—8.5 in 2004—than in any other metropolitan area in our comparison group.<sup>16</sup> On average, Austin households bought almost twice as many recordings as households in Memphis, and 1.5 times as many recordings as households in Chicago. Chicago is squarely in the middle of the pack on this metric.

When one looks at sub-categories of sales, some interesting variations emerge. Certain kinds of music—rap, R & B, soundtracks—sell relatively well regardless of city. Other categories of music differ sharply from city to city in record sales per household. The appetite of Los Angeles households for Latin music, for example, is twice that of Chicago, 3.5 times New York's, and an impressive six times stronger than Boston's. A similarly steep curve distinguishes record sales of classical music: New York, the best market per capita for classical music recordings, sells three times as many recordings per household as Nashville, with the ratio reversed for country music. And gospel is four times more popular in Atlanta than in alternative rock leader Seattle or Las Vegas.

When we look at consumption of recorded music on a per-household basis, Windy City demand is relatively high for R & B and rap. On the other hand, Chicago has a comparatively weak appetite for country music, jazz, and gospel. The latter two findings are particularly surprising, considering Chicago's many seminal contributions to the development of both jazz and gospel. Bearing in mind the ethnic makeup of the city, one also might have expected more demand per household for Latin recordings. More research would be needed to explain what lies behind unexpectedly low demand in these particular categories.

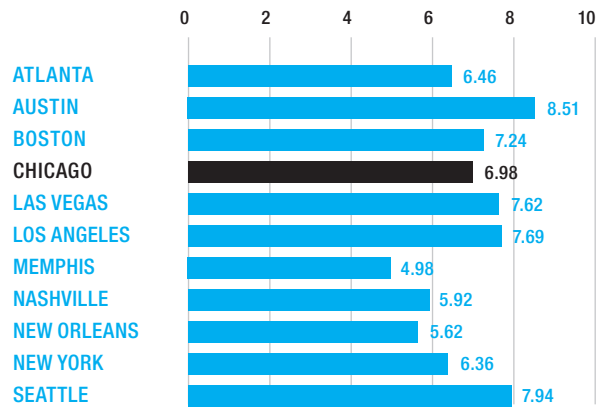
Per household figures, of course, do not capture the number that counts most for those in the industry: total record sales. In Chicago, that amounted to nearly 24 million units in 2004, the third-largest market for recorded music in the nation, though still substantially smaller than markets in both New York and Los Angeles, with their larger population bases. ■

**FIGURE 12 TOTAL RECORDS SALES, IN MILLIONS OF UNITS**



Nielsen SoundScan Data, 2004.

**FIGURE 13 TOTAL RECORDS SALES, IN UNITS PER HOUSEHOLD**



Nielsen SoundScan Data, 2004.



# THE MUSIC SCENE

Figures on employment, establishment, payroll and receipts provide a skeletal view of the music industry's contribution to a city's economy. That contribution goes far beyond what is captured by these metrics, however. A city with a relatively small number of permanently employed musicians and with mediocre revenue figures—but blessed with a tiny yet critically-acclaimed club scene—may nonetheless be more effective in luring tourists from out of town than a city with a large corporatized musical workforce that concentrates on making recordings. And that same small-but-hot live music scene may also act as a magnet for the free and restless college-educated knowledge workers whom Richard Florida has dubbed “the creative class.”<sup>17</sup>

How much of a magnet? We cannot say for certain, because assessing the statistical impact of music scenes on migration patterns lies beyond the scope of this study. Previous work by economists such as Edward Glaeser reveals that education increases a person's tendency to attend pop, rock, or classical concerts, and that residing in the center of a city increases this likelihood still further.<sup>18</sup> But recent research shows that not all city centers are created equal: while college-educated 25-34 year-olds are flowing disproportionately to close-in neighborhoods in some cities (New York, Chicago, Portland, San Francisco/Oakland, and Seattle are the top five in this regard), this is not the case in other major cities (Los Angeles and Las Vegas rank 47<sup>th</sup> and 50<sup>th</sup> out of fifty).<sup>19</sup> While many factors undoubtedly are at play, our hypothesis, still to be tested, is that the robustness of the live music scene may account for at least some of this variance.

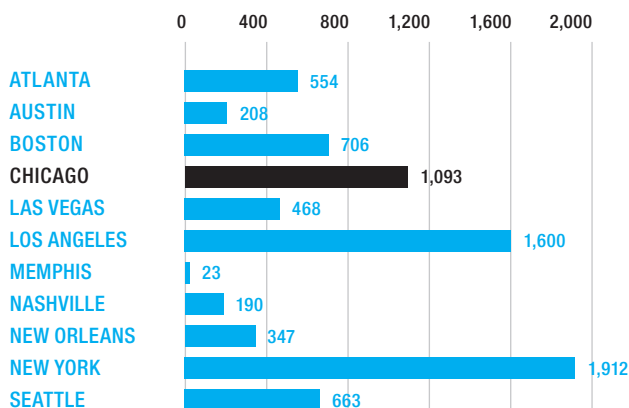
A similar caveat is called for with regard to tourism. We cannot determine accurately how many visitors go to Chicago solely or even partially for the purpose of hearing performances by bluesman Buddy Guy, the Chicago Symphony Orchestra, or jazz saxophonist Von Freeman. Moreover, even if we could do so, and if we could compare the revenue generated by music-seeking tourists in Chicago to the revenue generated by tourists visiting Nashville, we would not be able to tell whether the tourists in either city were driven by the actual music scene or the tourist board's ability to market a fantasy image of that scene.

For these reasons, we focus here on the live music scene directly, in order to develop benchmarks for assessing and comparing the strength of scenes, rather than their economic impact on the cities in which they are located. ■

## RANKING MUSIC SCENES BY NUMBER OF PERFORMANCES AND TICKETS SOLD

To begin with, we measure the supply of live music as reflected in the number of shows performed in 2004 by touring musicians and groups. According to POLLSTAR, which gathers tour history data, 1,093 shows were performed in Chicago, putting Chicago fourth nationally in the number of shows offered per city.<sup>20</sup>

FIGURE 14 TOTAL NUMBER OF LIVE PERFORMANCES

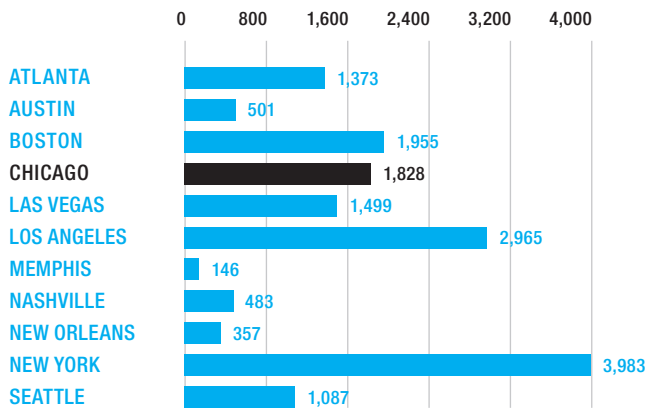


*POLLSTAR Tour Histories, 2004. Aggregated to Metropolitan Statistical Area.*

In terms of total tickets sold to shows, however, Chicago falls to seventh place. Within the comparison group, Chicago sells fewer than half as many tickets as New York. The surprise here is that Boston, with a population about one half the size of Chicago (but with a huge college-age demographic), has a larger market for tickets than the Windy City.

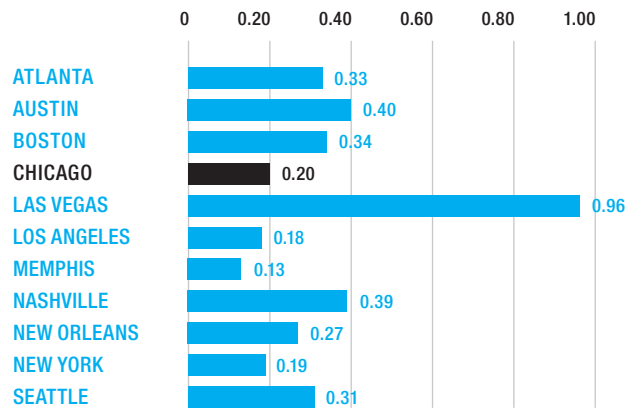
If we adjust our view of ticket sales to account for differences in overall population between cities, the rankings shift substantially. Per capita ticket sales are higher for cities with significant tourism, like Las Vegas. Conversely, per capita adjustments bump the mega-cities of New York and LA lower in the rankings. Viewed in this way, Chicago ranks behind the smaller tourist-destination cities with strong music scenes, but ahead of both its mega-city competitors.

**FIGURE 15 TOTAL TICKETS SOLD FOR LIVE PERFORMANCES, IN THOUSANDS**



*POLLSTAR Tour Histories, 2004. Aggregated to Metropolitan Statistical Area.*

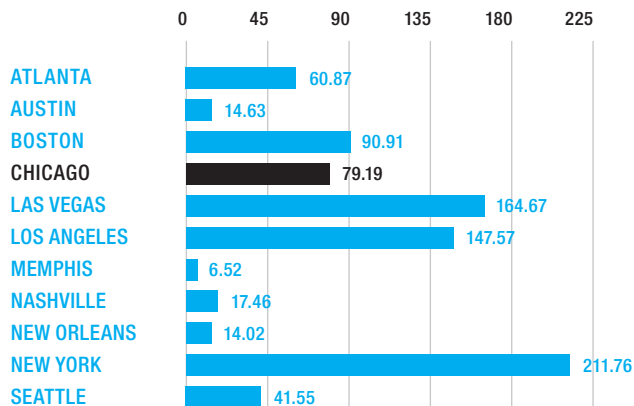
**FIGURE 16 TICKETS SOLD FOR LIVE PERFORMANCES, PER CAPITA**



*POLLSTAR Tour Histories, 2004. Aggregated to Metropolitan Statistical Area.*

Ticket sales translate into revenue, of course, so it is no surprise that Boston’s strong ticket sales generated more revenue for the city than did Chicago’s. In 2004, Boston’s gross receipts were \$91 million, in comparison with \$80 million in Chicago. Predictably, New York, Las Vegas, and Los Angeles brought in much more revenue from shows. ■

**FIGURE 17 TOTAL GROSS RECEIPTS FROM LIVE PERFORMANCES, IN MILLIONS OF DOLLARS**



*POLLSTAR Tour Histories, 2004. Aggregated to Metropolitan Statistical Area.*

## RANKING MUSIC SCENES BY POPULARITY AND CRITICAL ACCLAIM

Some tourists and college graduates are sure to be attracted by the sheer number of chances they would have to hear music in Chicago (if they are well-informed about what Chicago has to offer). But most music fans would prefer good and plenty to just plenty. “Good,” of course, is a flexible term. We have no desire to enter into a debate about the grounds of aesthetic judgment; our aim is not to act as arbiters of taste, but to find a way to compare statistically what music consumers perceive to be the quality of what is being performed in shows across the country.

For many people, “good” music is what others are listening to. One way to compare the quality of live music across cities, then, is to define “good” as “currently popular among buyers of recordings,” and to ask whether Chicago residents and visitors have a better chance than those in other cities to hear artists listed in the Top 100 on the *Billboard* year-end charts of album sales.<sup>21</sup> The answer to that question is a resounding “Yes!” Chicago attracted 47 acts from the Top 100 in 2004, just behind New York (49) and Los Angeles (48) in the top tier. The rank order in the comparison group as a whole mirrors population ranks. Clearly, population is a factor here, but not the only one, since Chicago nearly ties its much more populous fellow mega-cities.

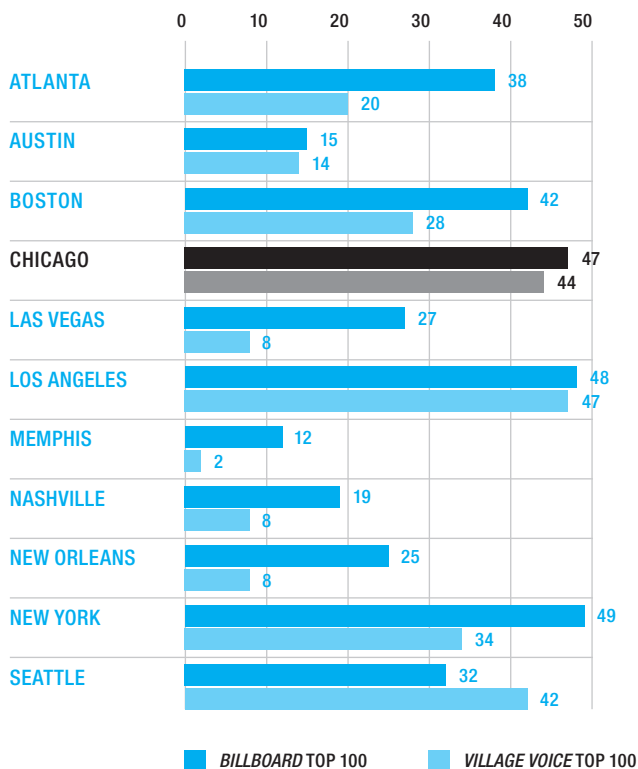
Although there are popular acts galore in Chicago, there are also, as we have seen, a great many shows overall. Only six percent of the performances here in 2004 featured *Billboard* Top 100 musicians. But *Billboard* performers were, as expected, highly popular, accounting for 30% of all tickets sold. That puts Chicago just about in the middle of the pack for the comparison group of music cities, below Nashville’s 36% and New Orleans’ 34%. Tourists coming to Las Vegas to take in a show, on the other hand, may flock to shows by evergreen stars such as Celine Dion and Elton John, but they are highly unlikely to find any music they would be hearing on MTV or the radio: only 12% of Las Vegas’ tickets are for shows featuring artists on the current *Billboard* charts.

Many music fans, however, are indifferent or even hostile to musicians and groups with mass appeal as measured by record sales. Whether we call them aficionados of quality music or snobs, these music lovers demand an elite subset of music that may be supplied better by some cities than others. That demand is not uniform, of course: aficionados may disagree vehemently about whether a particular bluesman’s music is authentic or hotly debate the relative merits of their favorite rock bands. On the other hand, aficionados and snobs are likely to be in more or less general critical agreement about which musicians and groups are worthy of being ranked in the first place.

To measure critical consensus about what was “good” in 2004, we consulted the *Village Voice* Pazz and Jop Critics Poll. Published by the New York alternative weekly *Village Voice* since the 1970s, this poll aggregates “top ten” lists from many hundreds of music critics nationwide.<sup>22</sup> The number and percentage of performances in a city by musicians or groups ranked in the Top 100 by this poll can serve as a relatively reliable proxy for the strength of this elite musical submarket.

By this measure, Chicago does extremely well. Forty-three out of the top 100 critically-acclaimed performers appeared in Chicago in 2004, ten more than in New York and only four fewer than much larger Los Angeles.

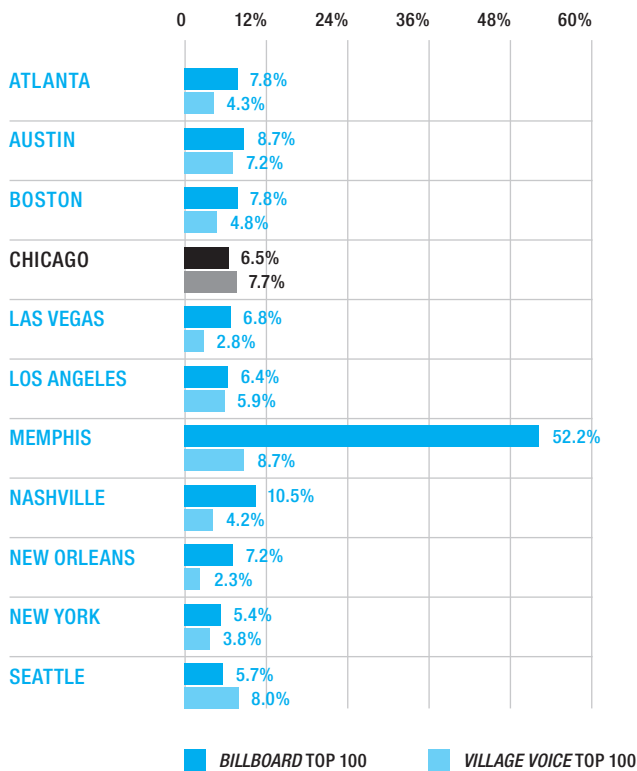
**FIGURE 18** NUMBER OF *BILLBOARD* TOP 100 AND *VILLAGE VOICE* TOP 100 ARTISTS PERFORMING LIVE



POLLSTAR Tour Histories, *Billboard* Year-End Charts, and *Village Voice* Pazz and Jop Critics Poll, 2004. Aggregated to Metropolitan Statistical Area.

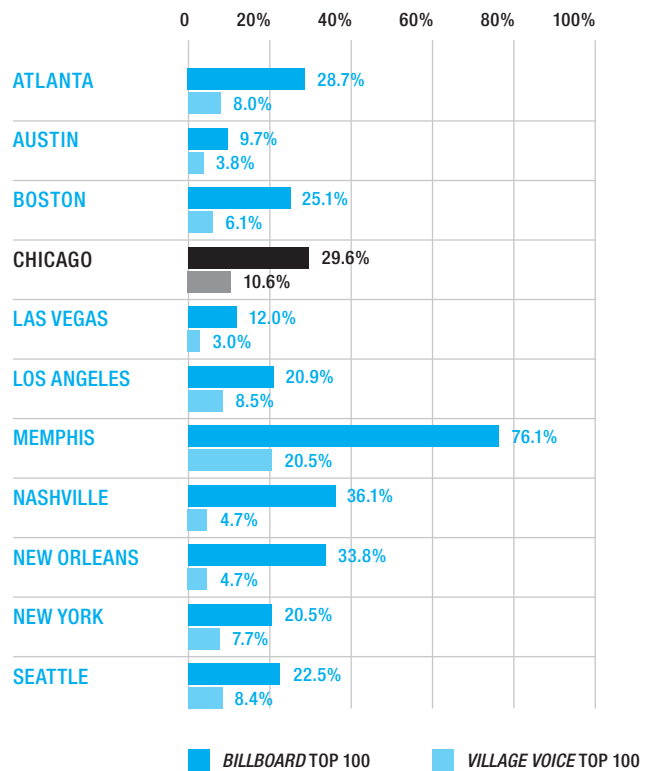
These darlings of reviewers also constitute a bigger piece of the live music pie in Chicago than they do elsewhere. Eight percent of Chicago’s shows feature critically-acclaimed performers. Only Seattle does even slightly better among our comparison music cities. (Memphis’ first place ranking is unreliable because it is based on only 24 total performances, compared to hundreds of performances in other comparison-group cities; moreover, all of Memphis’ Village Voice performers are crossover stars who also appear on the *Billboard* list.) Chicago’s strength in this ranking is all the more impressive given the demographic disparities between it and its two closest competitors, Seattle (with a population of 3.2 million) and Austin (with a population of 1.5 million). Chicago’s demographic peers, Los Angeles and New York, do considerably worse on this scale, with only 4% of the shows in New York likely to be of interest to cognoscenti. And Chicago audiences include many cognoscenti: in no other city (excluding Memphis) do critically-acclaimed artists sell a higher percentage of the total number of tickets sold to shows. ■

**FIGURE 19 LIVE PERFORMANCES: PERCENTAGE BY *BILLBOARD* TOP 100 AND *VILLAGE VOICE* TOP 100 ARTISTS**



POLLSTAR Tour Histories, *Billboard* Year-End Charts, and *Village Voice* Pazz and Jop Critics Poll, 2004. Aggregated to Metropolitan Statistical Area.

**FIGURE 20 TOTAL TICKETS SOLD FOR LIVE PERFORMANCES: PERCENTAGE BY *BILLBOARD* TOP 100 AND *VILLAGE VOICE* TOP 100 ARTISTS**

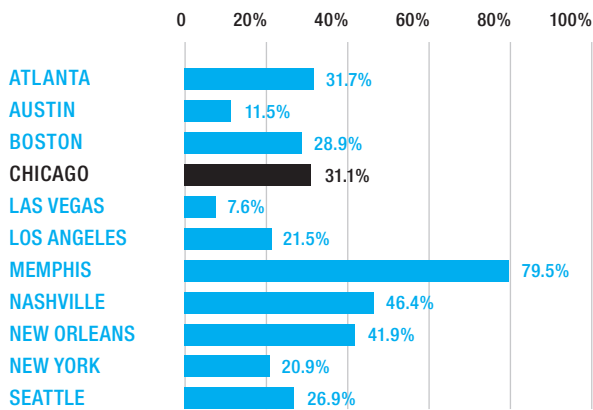


POLLSTAR Tour Histories, *Billboard* Year-End Charts, and *Village Voice* Pazz and Jop Critics Poll, 2004. Aggregated to Metropolitan Statistical Area.

## POPULARITY, CRITICAL ACCLAIM AND THE BOTTOM LINE

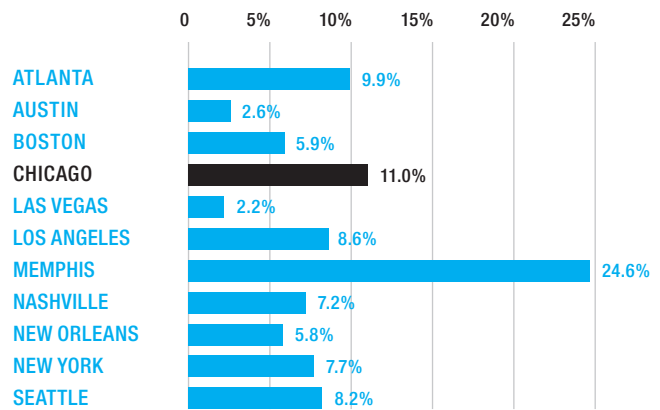
These differences in musical submarkets show up in the bottom line. About thirty percent of total gross receipts from POLLSTAR-tracked live performances—\$24.5 million—was generated in Chicago by artists on the *Billboard* year-end charts. But, as one would expect given the ticket sales for critically-acclaimed performers, Chicago ranks first among comparison cities (again, excluding Memphis) in the percentage of total gross receipts generated by *Village Voice* Critics Poll favorites.

**FIGURE 21 GROSS RECEIPTS FROM LIVE PERFORMANCES: PERCENTAGE GENERATED BY *BILLBOARD* TOP 100 ARTISTS**



POLLSTAR Tour Histories and *Billboard* Year-End Charts, 2004. Aggregated to Metropolitan Statistical Area.

**FIGURE 22 GROSS RECEIPTS FROM LIVE PERFORMANCES: PERCENTAGE GENERATED BY *VILLAGE VOICE* TOP 100 ARTISTS**



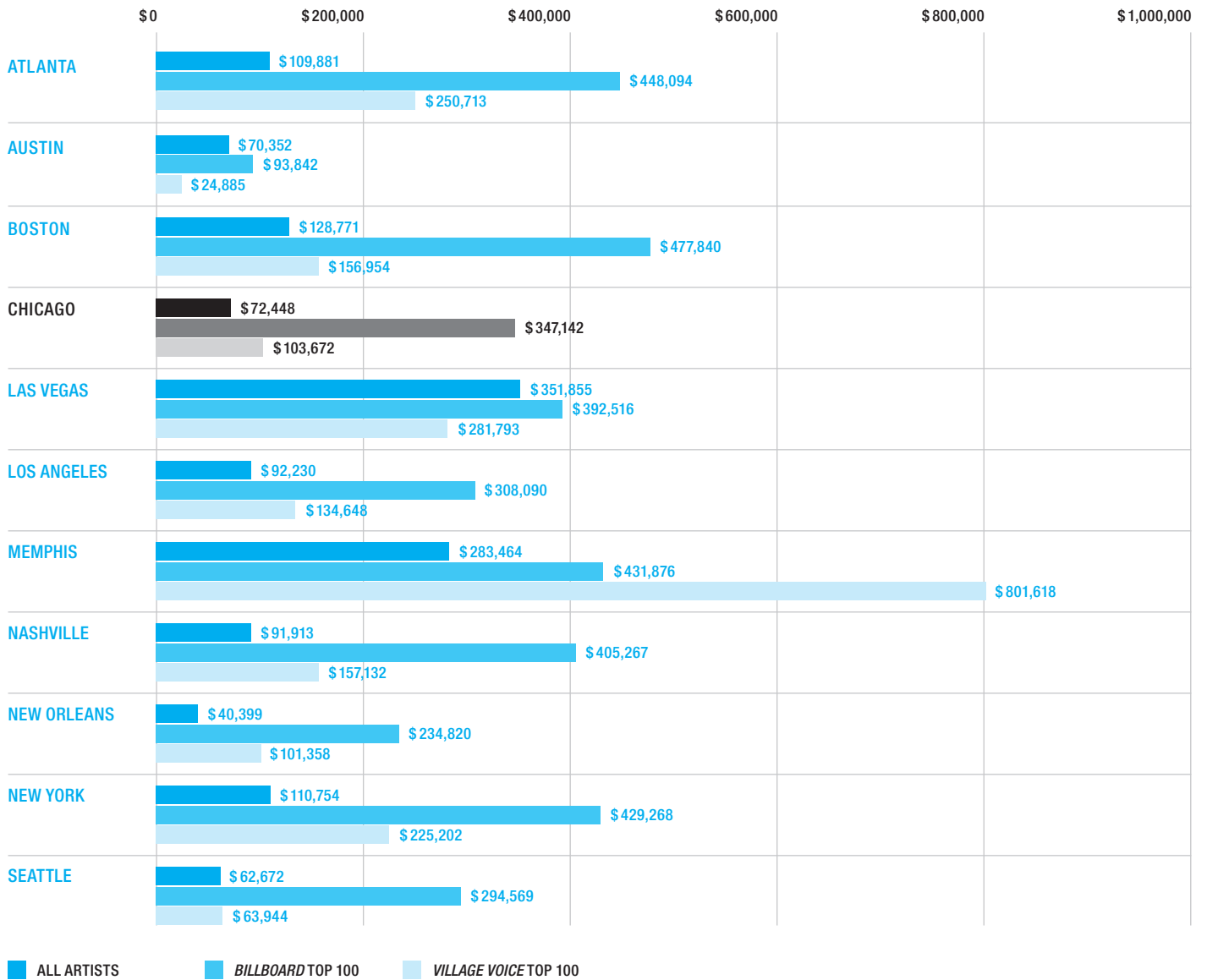
POLLSTAR Tour Histories and *Village Voice* Pazz and Jop Critics Poll, 2004. Aggregated to Metropolitan Statistical Area.

The preference of music consumers for popular favorites affects the bottom line powerfully. In most cities these sorts of shows generate more revenue per show than the average show. For the music cities in our comparison group, *Billboard* Top 100 Artists generate gross receipts per show ranging from \$94,000 (in Austin) to \$478,000 (in Boston), with Chicago in the middle of the pack at \$347,000 per show. Some of this disparity can be traced to venue size differences, since *Billboard* artists tend to sell out regardless of venue size and larger venues can sell more tickets. In some cases figures may also be distorted by an anomalous two-week stint in that city by a superstar who can command unusually high ticket prices.

The key point, however, is how much more such shows bring in than the average show in the same city. Striking differences emerge on a city-by-city basis. On average, New Orleans music lovers pay almost six times the price of an average show for the chance to see a *Billboard* Top 100 performer. Chicago comes in second among our comparison group. In Austin and Las Vegas, on the other hand, live music consumers show no marked preference for artists on the current hit charts: shows by *Billboard* artists generate only a slight bit more revenue than average.

If being popular on the charts translates into more revenue, the same cannot be said of critically-acclaimed music that does not reach the *Billboard* 100. In Austin and Las Vegas, such elite but unpopular music generates far less revenue than the average act, in fact. Excluding artists like Prince and Usher, who appeared on both *Billboard* and *Village Voice* 2004 year-end lists, the critically-acclaimed musicians who ventured to Austin brought in only a third the average revenue per show, while in Las Vegas, the figure was an abysmal 7%. Austin and Las Vegas, however, are not unique in showing a relative distaste for critically-praised music. There is no city on our comparison list of music cities in which demand reflects even a parity of critical tastes with the tastes of the public. Even New York, home of the *Village Voice* (though not of most of the critics in the poll, it should be said), yields only 77 cents from the average critically-acclaimed show for every dollar earned from a show in general. ■

**FIGURE 23 GROSS RECEIPTS PER SHOW: GENERATED BY ALL ARTISTS, *BILLBOARD* TOP 100, AND *VILLAGE VOICE* TOP 100**



POLLSTAR Tour Histories, *Billboard* Year-End Charts, and *Village Voice* Pazz and Jop Critics Poll, 2004. Aggregated to Metropolitan Statistical Area.

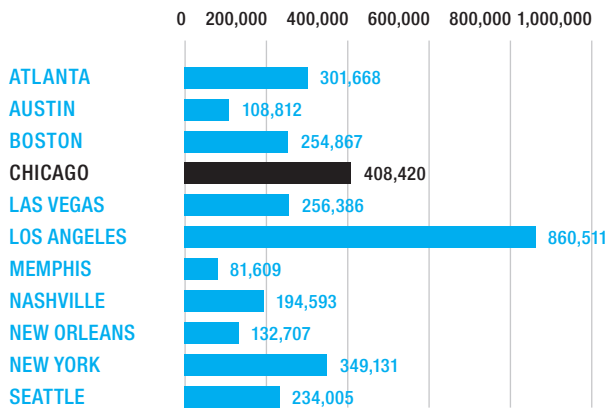


# SEAT AVAILABILITY

The availability of live music for consumers is limited in part by the capacity of a city’s venues. By that measure, Chicago is doing well, at least in gross terms: the total number of seats in the Chicago MSA is 408,000, second in our comparison group only to Los Angeles.<sup>23</sup>

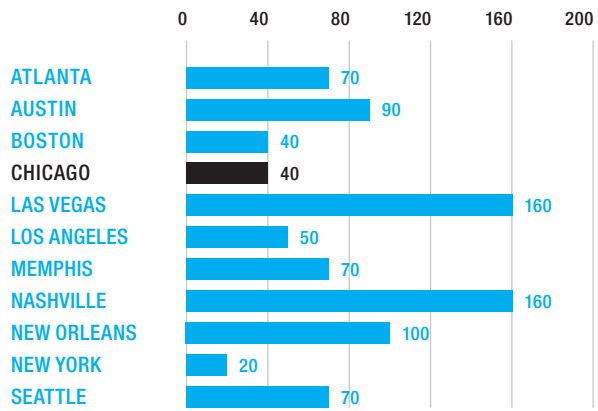
In absolute numbers of seats, Chicago more than holds its own, whether the seats are in large or small venues. However, Chicago’s venue capacity serves a highly populous area. Considered on a per capita basis, its venue capacity is quite low, as is also true of New York and Los Angeles. Unsurprisingly, cities whose seats are filled primarily by tourists, like Las Vegas and Nashville, dominate this category.

FIGURE 24 TOTAL CITY-WIDE VENUE CAPACITY



POLLSTAR Talent Buyer Directory, 2004. Aggregated to Metropolitan Statistical Area.

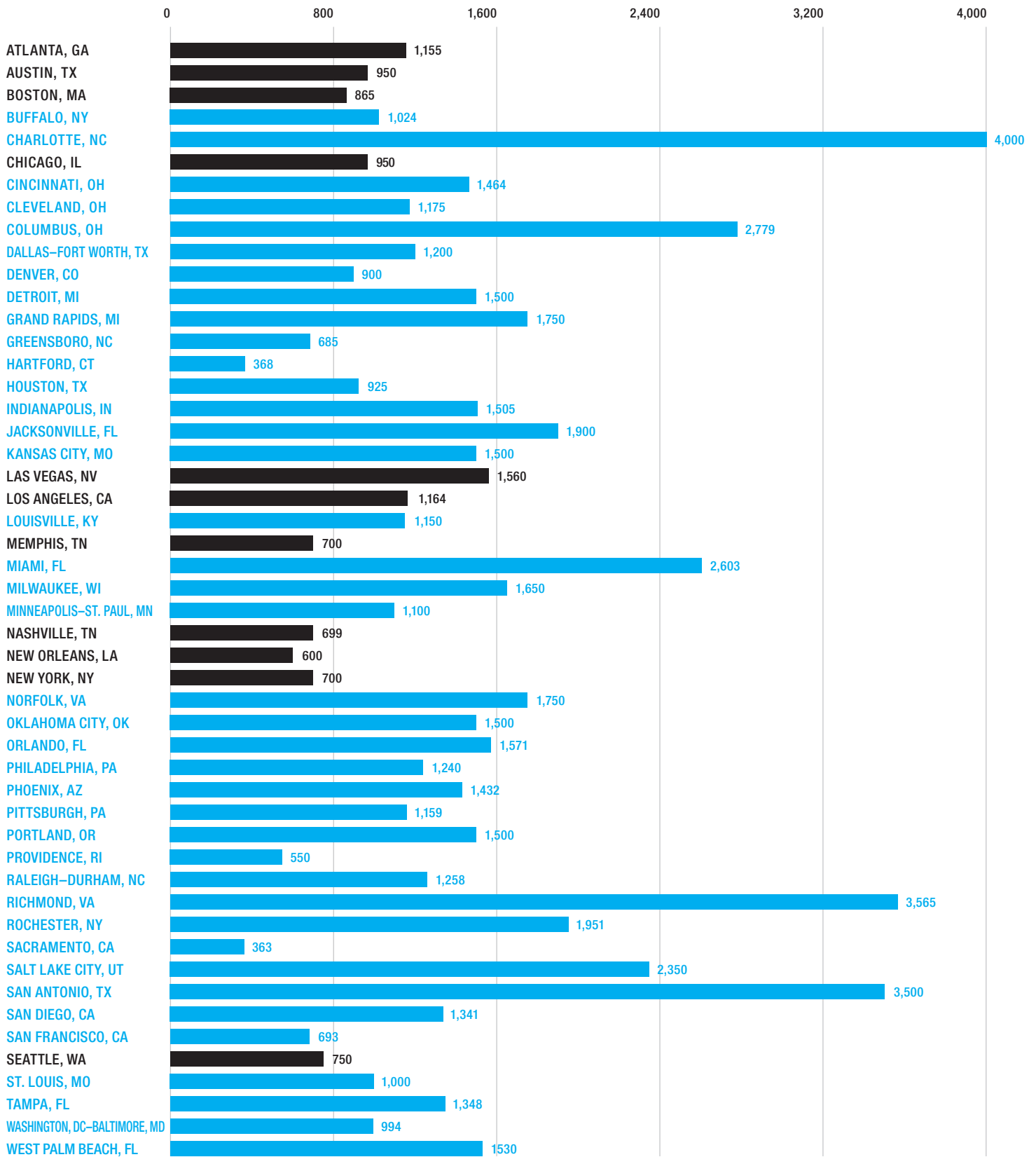
FIGURE 25 TOTAL CITY-WIDE VENUE CAPACITY, PER THOUSAND PEOPLE



POLLSTAR Talent Buyer Directory, 2004. Aggregated to Metropolitan Statistical Area.

Venues for live music vary dramatically in size, from amphitheaters and arenas that can accommodate tens of thousands fans for one performance, to intimate coffee shops that seat only a few dozen people at a time, and everything in between. In some MSAs, the average venue is cavernous. Charlotte, Richmond, San Antonio, Columbus, Miami and Salt Lake City have median venue capacities of over 2000. Chicago venues tend instead to be on the small side. The typical venue in Chicago holds around 950 people, 37<sup>th</sup> out of the top 50 metropolitan areas, and the same size as the average venue in Austin. New York does even better by this measure. The undisputed leader in intimate venues, however, is New Orleans.

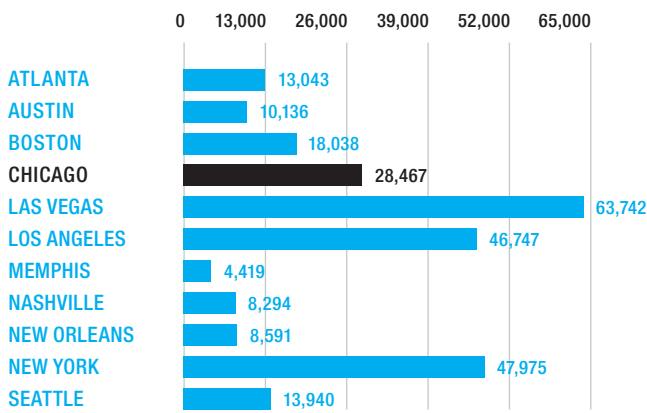
**FIGURE 26** MEDIAN VENUE CAPACITY



POLLSTAR Talent Buyer Directory, 2004. Aggregated to Metropolitan Statistical Area.

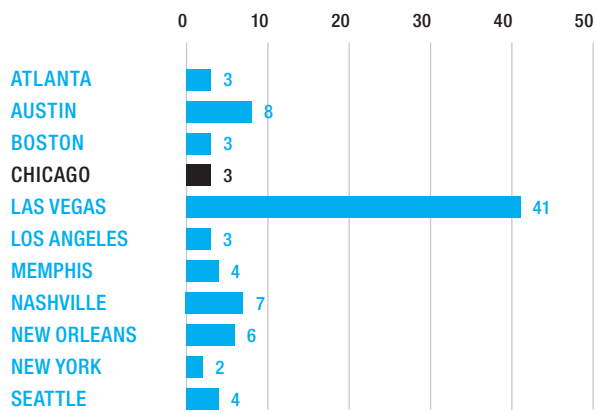
In large venue capacity, Chicago ranks fourth in the country, and second in our comparison group behind only Los Angeles.<sup>24</sup> With 380,000 seats in large venues, approximately 93% of Chicago's total capacity is in big halls and arenas, a slightly lower percentage than Los Angeles but considerably higher than New York and Las Vegas, where only 86% of the seats are in large venues. The real question, however, is not percentages but whether there are ample numbers of seats in both large and small venues. Chicago fits the bill, coupling its fourth-place ranking in large venue capacity with a fourth-place ranking in small venue capacity, behind Las Vegas, New York and Los Angeles. With 28,000 seats in clubs and other small venues, Chicago is ahead of Austin, Nashville and Memphis. If one looks at the number of seats in clubs and small venues per capita, Las Vegas pulls away from the pack.

FIGURE 27 CITY-WIDE SMALL VENUE AND CLUB CAPACITY



POLLSTAR Talent Buyer Directory, 2004. Aggregated to Metropolitan Statistical Area.

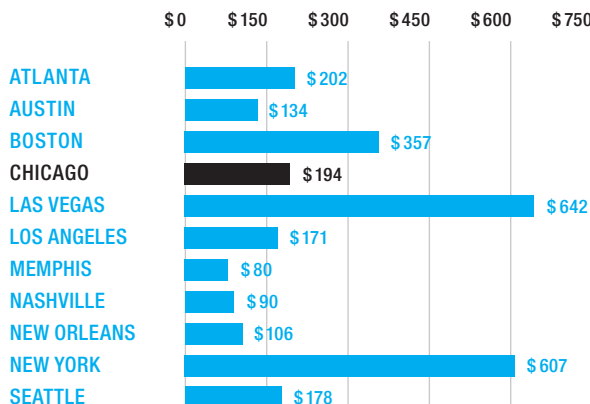
FIGURE 28 CITY-WIDE SMALL VENUE AND CLUB CAPACITY, PER THOUSAND PEOPLE



POLLSTAR Talent Buyer Directory, 2004. Aggregated to Metropolitan Statistical Area.

It is worth noting that there is no obvious or direct correlation between the number of seats available in a given MSA and the revenues generated by those seats, as reflected in gross receipts. What a seat is worth will depend not simply, or even primarily, on the number of seats for sale, but also on who is performing and on the demand for those tickets, among other factors. Whatever the driver, the disparity in gross receipts between metropolitan areas is striking. In Chicago, each seat generated \$194 in gross receipts in 2004, compared to \$642 per seat in Las Vegas and \$607 per seat in New York. ■

FIGURE 29 GROSS RECEIPTS FROM LIVE PERFORMANCES, PER SEAT OF CAPACITY



POLLSTAR Tour History Data and Talent Buyer Directory, 2004. Aggregated to Metropolitan Statistical Area.

## TICKET AVAILABILITY, AFFORDABILITY AND QUALITY OF SEATS

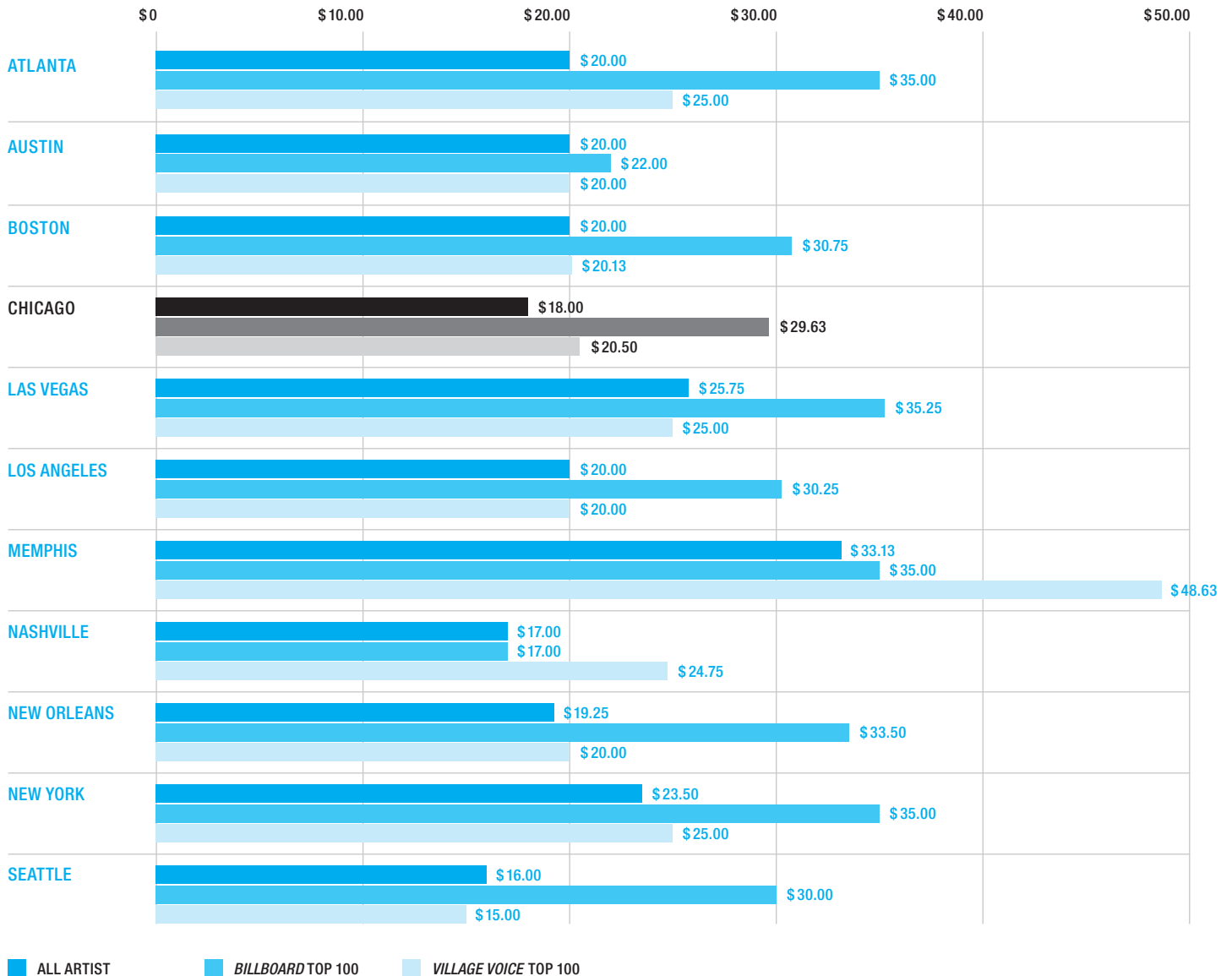
The astronomic revenues generated per seat in some cities may make those in the music business happy, but from the point of view of the consumer (and therefore, one would assume, of policymakers hoping to lure more consumers to their city) these revenue figures could spell a very unhappy scene, one in which fans are shut out from being able to enjoy live music, either because the prices are too high, tickets are too scarce, or a portion of the seats are poor. A scene that appears strong in terms of sellouts may actually be weakening the city's ability to attract the creative class, if urban economist Richard Florida is correct in arguing that this group favors amenities that are immediately and easily accessible. In any case, it is clear that one way to measure the strength of a live music scene for consumers is by the relative affordability, availability, and quality of tickets.

By these measures, Chicago does very well. Affordability is one of the great virtues of Chicago's live music scene. In 2004, median low-end ticket prices for shows were substantially lower than in New York, Los Angeles, or Memphis, and comparable to ticket prices in Nashville, Seattle, or Austin.

When it comes to tickets for shows by musicians in the *Billboard* Top 100, Chicago does even better. Analysis of ticket prices reveals that although cheaper bottom-end tickets can be had in twenty other metropolitan areas, within our comparison group of "music cities" Chicago is among the most affordable. The only better deal is in Austin, the cheapest place in the country for tickets to hear *Billboard*-charted performers.

Chicago is also an affordable music city for hearing critically-acclaimed live music, far less expensive than New York or Atlanta.

**FIGURE 30** MEDIAN LOW-END TICKET PRICES, CHARGED FOR PERFORMANCES BY ALL ARTISTS, *BILLBOARD* AND *VILLAGE VOICE* TOP 100 ARTISTS



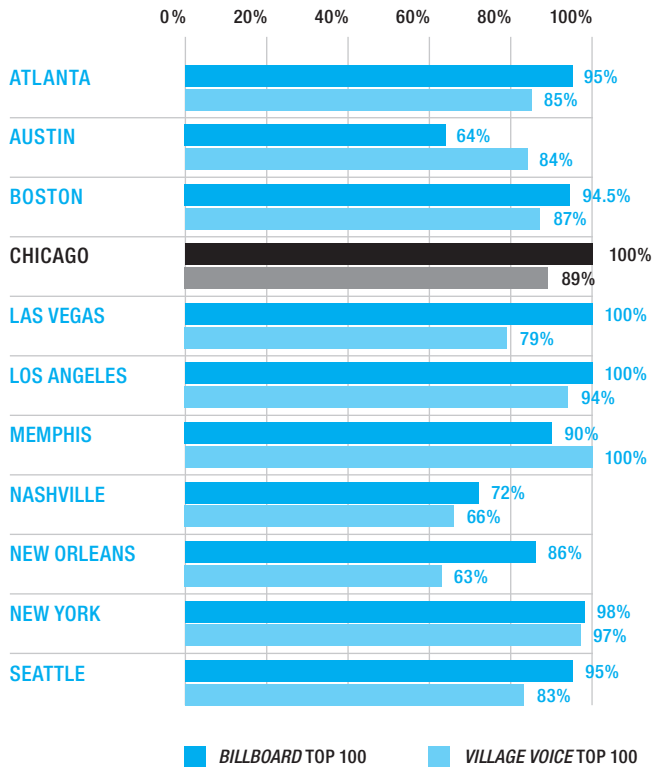
POLLSTAR Tour History Data and Talent Buyer Directory, *Billboard* Year-End Charts, and *Village Voice* Pazz and Jop Critics Poll, 2004. Aggregated to Metropolitan Statistical Area.

Of course, even if a city’s live music is more affordable in principle, it may still be inaccessible in practice if shows are frequently sold out, and this will make its music scene less attractive.

Our analysis shows many cities with extraordinarily high sellout rates for shows featuring both popular and critically-acclaimed artists. Nine metropolitan areas in the country sold out ALL shows in which *Billboard* top 100 artists performed, and five metropolitan areas in the country sold out every show in which *Village Voice* top 100 artists performed. Some interesting differences exist between cities, however. Larger cities in our comparison list—Chicago, New York, and Los Angeles among them—sell out nearly all their tickets to *Billboard* performers. But in Nashville and Austin the auditoriums for these shows are typically only two-thirds filled. With regard to artists with high ratings from the *Village Voice*,

Chicago stands out among the mega-cities. In New York, 96% of tickets to shows featuring critically-favored artists are usually sold, with Los Angeles almost as high. By comparison, Village Voice artists appearing in Chicago sell only 89% of their tickets. Chicago shows, in other words, are likely to be well-attended but will more often have some seats available for last-minute buyers.

FIGURE 31 SELL-OUT RATE OF *BILLBOARD* AND *VILLAGE VOICE* TOP 100 ARTISTS



POLLSTAR Tour Histories, *Billboard* Year-End Charts, and *Village Voice* Pazz and Jop Critics Poll, 2004. Aggregated to Metropolitan Statistical Area.

It is worth adding that it is possible for shows to be too accessible. Almost as undesirable as hearing the words “sold out” is finding oneself in a half-empty room. This seems to have been the case in pre-Katrina New Orleans, where on average only 63% of tickets for shows by critically-acclaimed artists were sold.

Chicagoans are more able than most citizens to get a ticket at an affordable price to a show in a venue that is hopping. But will their seats be any good? This is a tricky question. For some kinds of music and some kinds of listeners intimacy is essential. For others, the thrill of jumping up and down along with thousands of fans trumps any concern about being able to see the look on the lead singer’s face as she hits that high note. As noted above, Chicago has a large number of seats available in both large and small venues, and a relatively low average capacity, making it more likely that performers will be appearing in venues that are not too big, not too small, but just right. ■

# RANKING MUSIC SCENES BY DEGREE OF VARIETY

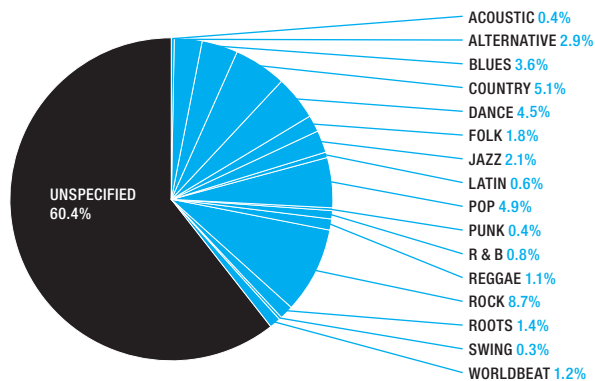
One measurement of a music scene’s strength has to be the ability to find a good seat at an affordable price for a show featuring either a popular or critically-acclaimed performer. But another criterion should also be assessed: the degree of variety that exists in the live music offerings of a city. This feature is of particular economic importance because research has shown that educational attainment and economic status is associated with what sociologist Richard A. Peterson dubs “cultural omnivorousness,” a taste for cultural variety.<sup>25</sup> Peterson notes that better-educated and wealthier individuals are more likely than others to appreciate many genres of music. Cities with more diverse live music scenes are better positioned to attract omnivores—if the diversity of their scenes can be promoted properly to those considering moving to one city or another.

By looking at the formats of music offered in the small clubs listed in POLLSTAR’s 2004 *Talent Buyer’s Directory*, it is possible to get at least some sense of what kinds of music it is possible to hear regularly in a wide range of metropolitan areas.<sup>26</sup> In every city we examined, the kind of specialized musical experiences sought after by omnivores is not the norm: the majority of seats are in clubs that do not specify the formats of music they present on a regular basis. In Chicago, however, this unspecified piece of the music club pie is smaller than in any other city in our comparison group except for Atlanta. To a much greater degree than elsewhere, the small club music scene in the Windy City is devoted to specific genres of music.

Among those small clubs devoted to specific genres, there is an extraordinarily ecumenical spread of musical kinds in Chicago. The city’s music scene is not only less non-descript than any comparison city besides Atlanta, but it has seats for almost every taste, something Atlanta does not come close to offering. With thirteen genres of music strong enough to constitute at least one percent of the total seats available in Chicago, the diversity of Chicago’s music scene is unmatched by any other cities except New York and Los Angeles. Chicago is a musical omnivore’s paradise.

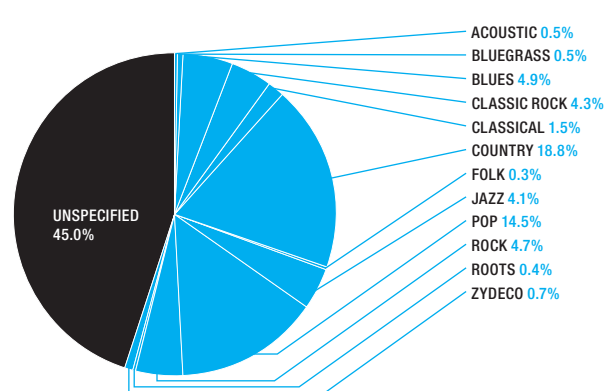
## SMALL VENUE AND CLUB SPECIALIZATION, PERCENTAGE OF SEATS BY MUSICAL FORMAT

FIGURE 32 CHICAGO



POLLSTAR *Talent Buyer Directory*, 2004. Aggregated to Metropolitan Statistical Area.

FIGURE 33 ATLANTA

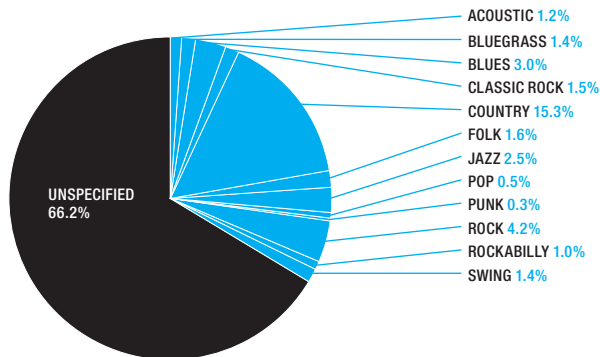


POLLSTAR *Talent Buyer Directory*, 2004. Aggregated to Metropolitan Statistical Area.

By contrast, Nashville and Memphis’s scenes are both more non-descript and less ecumenical than either Chicago or Atlanta. As expected, most of the specialized clubs in Memphis focus on blues and R & B, while those in Nashville are dominated by country music. Seattle’s scene is almost as non-descript as Memphis’ and Nashville’s, but offers a wider variety of genres. Still, it is not as diversified as Chicago in that respect: only twelve genres are represented at all (vs. 16 in Chicago), and only five of these (vs. 11 in Chicago) offer at least one percent of the total available seats. Austin offers yet another distinctive musical physiognomy: less non-descript than Memphis, Nashville, or Seattle, but, like Nashville, dominated by country music (supplemented by a healthy slice of rock).

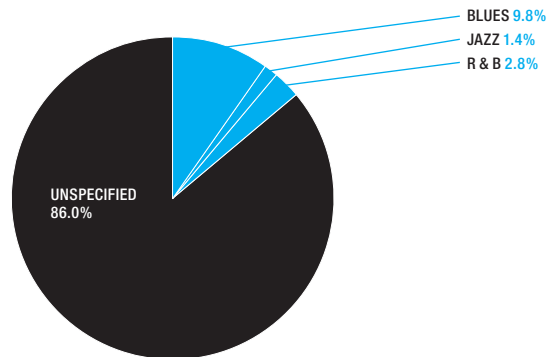
**SMALL VENUE AND CLUB SPECIALIZATION, PERCENTAGE OF SEATS BY MUSICAL FORMAT**

**FIGURE 34 AUSTIN**



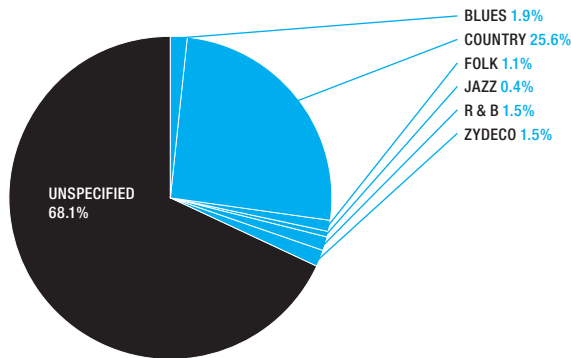
POLLSTAR *Talent Buyer Directory*, 2004. Aggregated to Metropolitan Statistical Area.

**FIGURE 35 MEMPHIS**



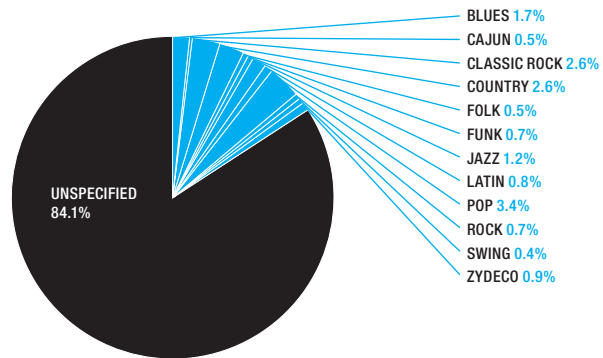
POLLSTAR *Talent Buyer Directory*, 2004. Aggregated to Metropolitan Statistical Area.

**FIGURE 36 NASHVILLE**



POLLSTAR *Talent Buyer Directory*, 2004. Aggregated to Metropolitan Statistical Area.

**FIGURE 37 SEATTLE**



POLLSTAR *Talent Buyer Directory*, 2004. Aggregated to Metropolitan Statistical Area.

The relative lack of specialization by genre in Nashville, Memphis, Seattle, and Austin, compared to Chicago, is to some extent the flip side of the strength of particular musical traditions associated with those cities. One does not take a trip to Nashville, or move there, for its world music, but for what the Grand Ole Opry represents. But the lack of specialization also reflects the basic economic principle that larger markets can support more niches than smaller ones. A fairer comparison city to Chicago, then, would be New York or Los Angeles.

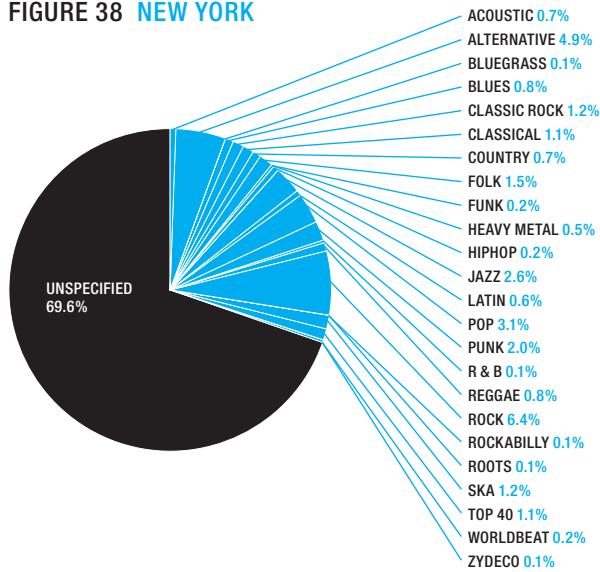


As expected, both New York and Los Angeles share—and in some respects exceed—the diversity that characterizes Chicago. All three cities feature a similar degree of diversity, with Chicago boasting 11 kinds of music that account for at least one percent of the total seats in the city’s clubs (compared with 10 genres in New York and LA). The presence in New York and Los Angeles of a number of genres offering fewer than one percent of the total seats available (14 in New York and 13 in LA, vs. 5 in Chicago) indicates the presence of micro-scenes that may consist of single clubs. But New York and LA also have more blandness.

It should be noted that even Chicago, New York, and Los Angeles, with their smorgasbord of live music, are nowhere close to providing an omnivore with clubs dedicated to presenting all 31 music formats listed in the *Talent Buyers Directory*. It is unclear how much diversity is enough to constitute a selling point for musical omnivores. But given the relatively meager variety now available in most cities, policymakers interested in supporting a live music scene as part of an amenities-based urban development strategy might wish to consider ways of diversifying their city’s offerings. ■

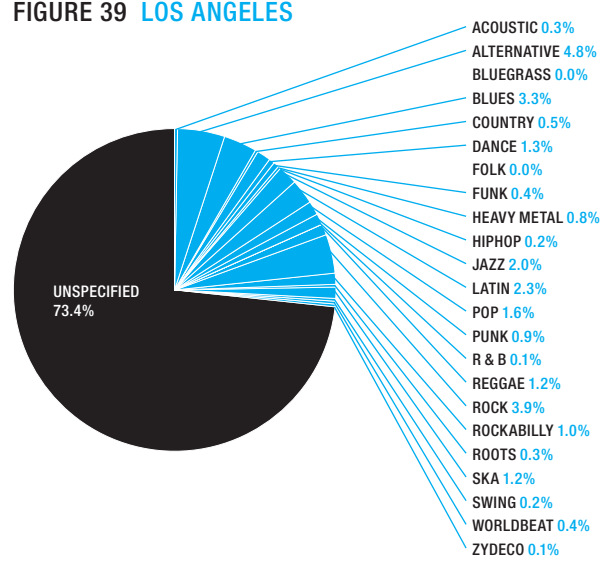
SMALL VENUE AND CLUB SPECIALIZATION, PERCENTAGE OF SEATS BY MUSICAL FORMAT

FIGURE 38 NEW YORK



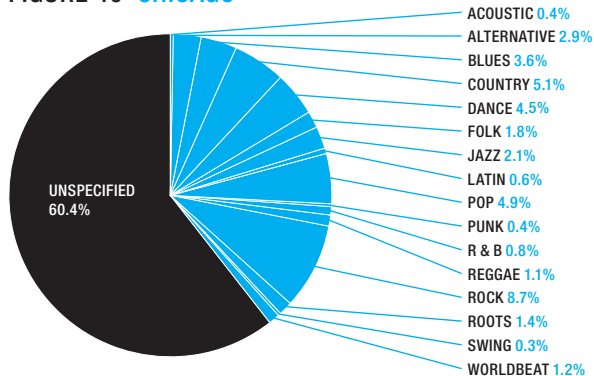
POLLSTAR *Talent Buyer Directory*, 2004. Aggregated to Metropolitan Statistical Area.

FIGURE 39 LOS ANGELES



POLLSTAR *Talent Buyer Directory*, 2004. Aggregated to Metropolitan Statistical Area.

FIGURE 40 CHICAGO



POLLSTAR *Talent Buyer Directory*, 2004. Aggregated to Metropolitan Statistical Area.

**FIGURE 41 SUMMARY OF SMALL VENUE AND CLUB SPECIALIZATION, PERCENTAGE OF SEATS BY MUSICAL FORMAT**

seats by format	ATLANTA	AUSTIN	BOSTON	CHICAGO	LAS VEGAS	LOS ANGELES	MEMPHIS	NASHVILLE	NEW ORLEANS	NEW YORK	SEATTLE
<b>UNSPECIFIED</b>	<b>45.0%</b>	<b>66.2%</b>	<b>82.1%</b>	<b>60.4%</b>	<b>97.9%</b>	<b>73.4%</b>	<b>86.0%</b>	<b>68.1%</b>	<b>80.6%</b>	<b>69.6%</b>	<b>84.1%</b>
ACOUSTIC	0.5%	1.2%	1.1%	0.4%		0.3%				0.7%	
ALTERNATIVE				2.9%		4.8%			1.6%	4.9%	
BLUEGRASS	0.5%	1.4%	0.7%			0.0%				0.1%	
BLUES	4.9%	3.0%	1.8%	3.6%		3.3%	9.8%	1.9%		0.8%	1.7%
CAJUN									0.9%		0.5%
CELTIC			0.7%								
CLASSIC ROCK	4.3%	1.5%	0.3%	1.0%						1.2%	2.6%
CLASSICAL	1.5%									1.1%	
COUNTRY	18.8%	15.3%		5.1%	0.9%	0.5%		25.6%		0.7%	2.6%
DANCE				4.5%		1.3%					
FOLK	0.3%	1.6%	2.3%	1.8%		0.0%		1.1%		1.5%	0.5%
FUNK			0.2%			0.4%			2.4%	0.2%	0.7%
GOSPEL											
HEAVY METAL						0.8%				0.5%	
HIPHOP						0.2%				0.2%	
JAZZ	4.1%	2.5%	3.1%	2.1%	0.1%	2.0%	1.4%	0.4%	3.5%	2.6%	1.2%
LATIN			0.9%	0.6%		2.3%				0.6%	0.8%
POP	14.5%	0.5%	0.2%	4.9%		1.6%				3.1%	3.4%
PUNK		0.3%		0.4%		0.9%			1.6%	2.0%	
R & B			1.9%	0.8%	0.1%	0.1%	2.8%	1.5%	1.2%	0.1%	
REGGAE			0.7%	1.1%		1.2%				0.8%	
ROCK	4.7%	4.2%	2.8%	8.7%		3.9%			7.5%	6.4%	0.7%
ROCKABILLY		1.0%				1.0%				0.1%	
ROOTS	0.4%		0.6%	1.4%		0.3%				0.1%	
SKA						1.2%				1.2%	
SWING		1.4%		0.3%		0.2%					0.4%
TECHNO											
TOP 40					0.1%						
WORLDBEAT			0.5%	1.2%		0.4%				1.1%	
ZYDECO	0.7%		0.3%			0.1%		1.5%	0.9%	0.1%	0.9%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

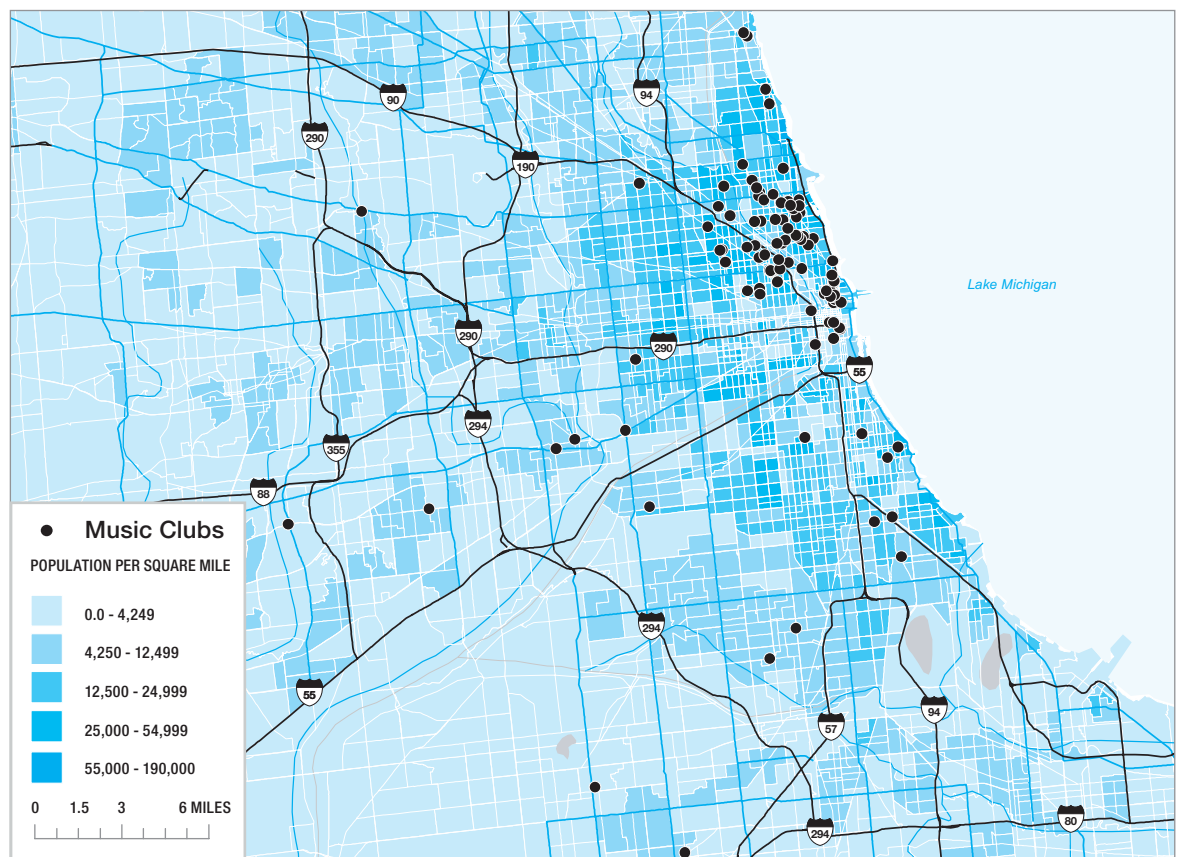
POLLSTAR Talent Buyer Directory, 2004. Aggregated to Metropolitan Statistical Area.

# MAPPING MUSIC CLUBS

The vitality of a live music scene—or at least the perception by visitors to a city that there is a lot going on musically—is not just a function of the number of shows on any particular night, how great the performers are, how packed the clubs are, or how easy it is to get a ticket. Though all these are important factors in weighing the strength of the live music industry, there is another equally crucial factor: geographical concentration. A city whose music clubs are randomly scattered across many square miles is at a disadvantage when it comes to selling that music to tourists and out-of-towners considering relocating. Several venues clustered together in the same neighborhood make the scene visible in a way that should have some economic value.

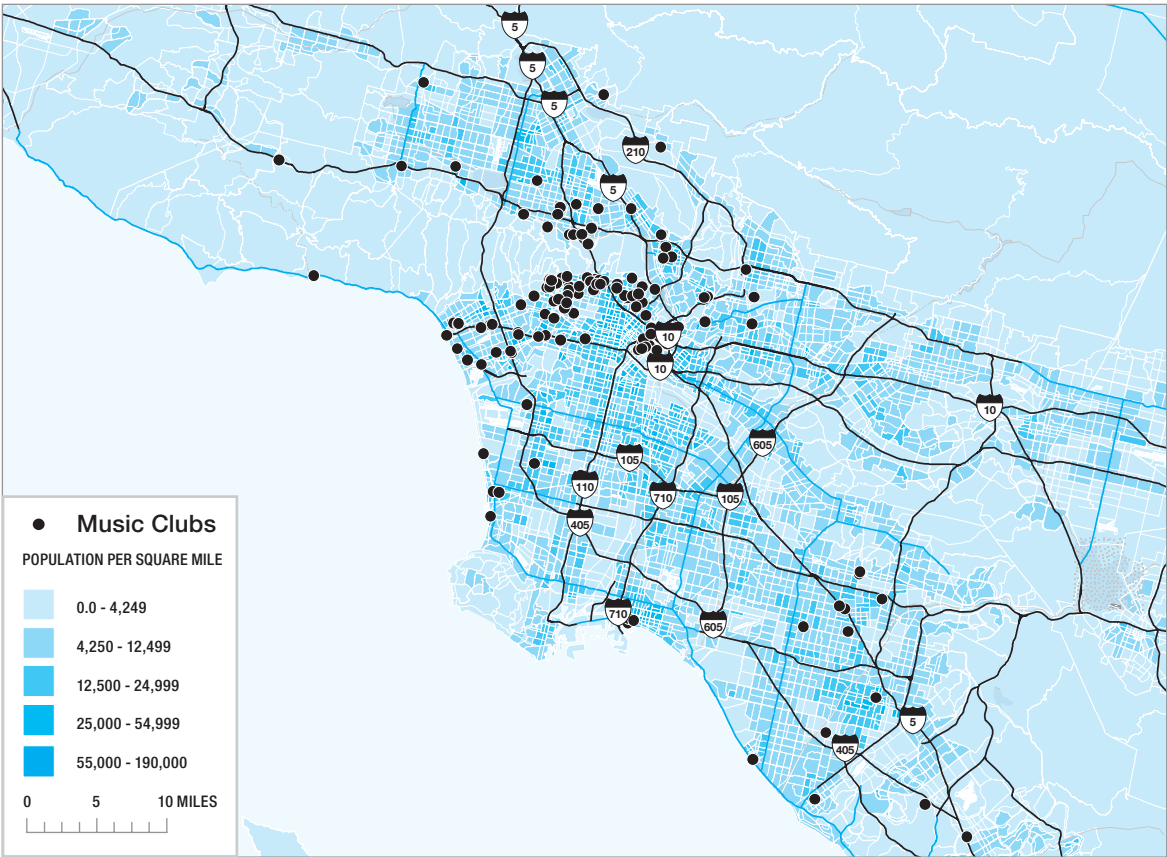
If we compare the geographic distribution of music clubs in Chicago with their spread in Los Angeles and New York, some interesting differences emerge.<sup>27</sup> Both Chicago and New York have more clubs within a smaller footprint than sprawling Los Angeles. Viewed from afar, New York's clubs form more distinct clusters than Chicago's.

FIGURE 42 CHICAGO: GEOGRAPHIC DISTRIBUTION OF MUSIC VENUES



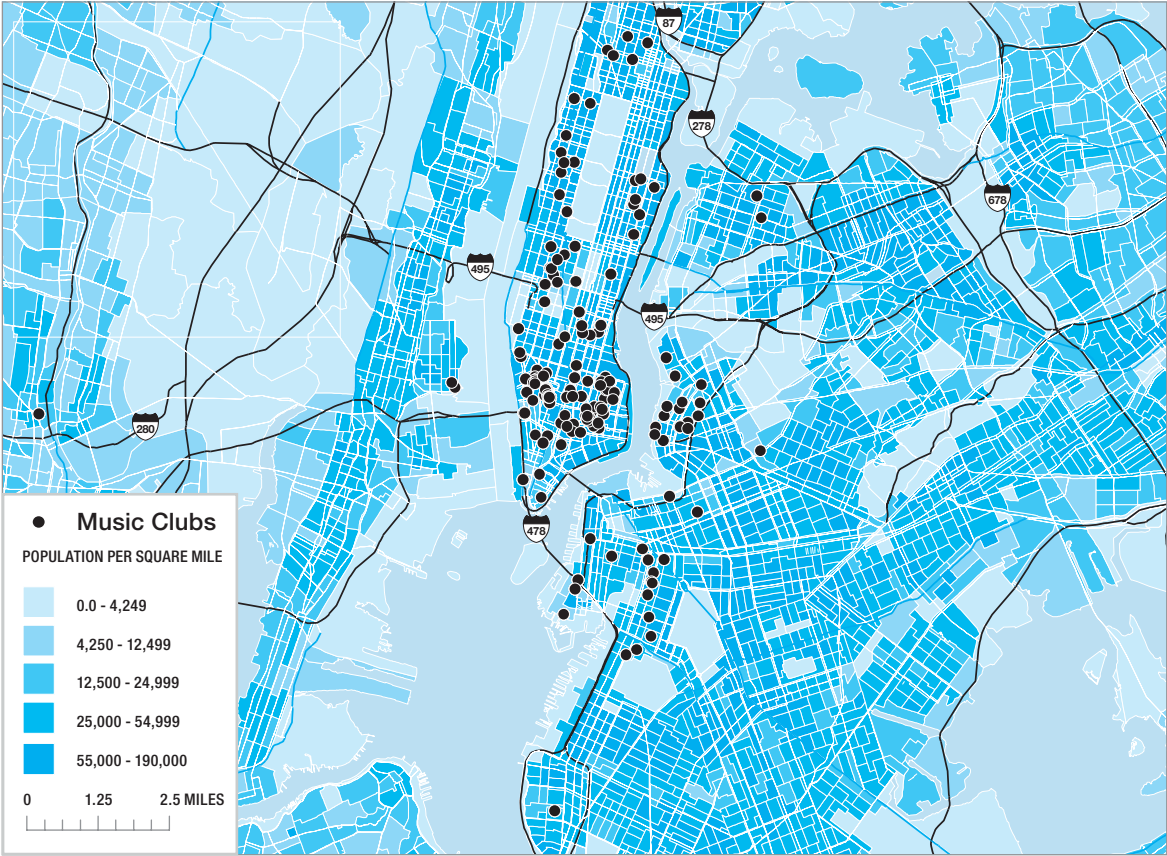
City Search, 2007, see footnote 27.

**FIGURE 43 LOS ANGELES: GEOGRAPHIC DISTRIBUTION OF MUSIC VENUES**



City Search, 2007, see footnote 27.

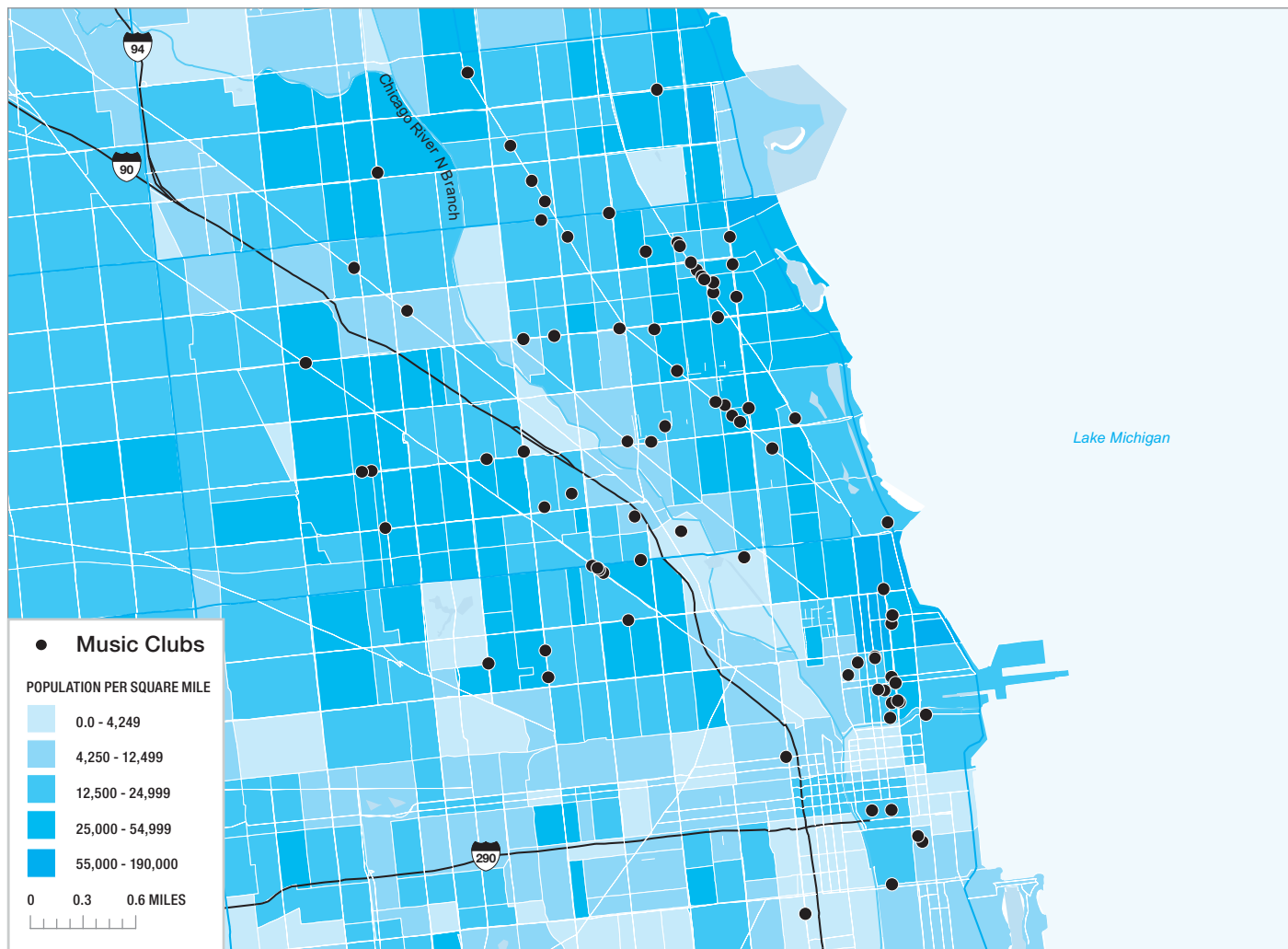
**FIGURE 44 NEW YORK: GEOGRAPHIC DISTRIBUTION OF MUSIC VENUES**



City Search, 2007, see footnote 27.

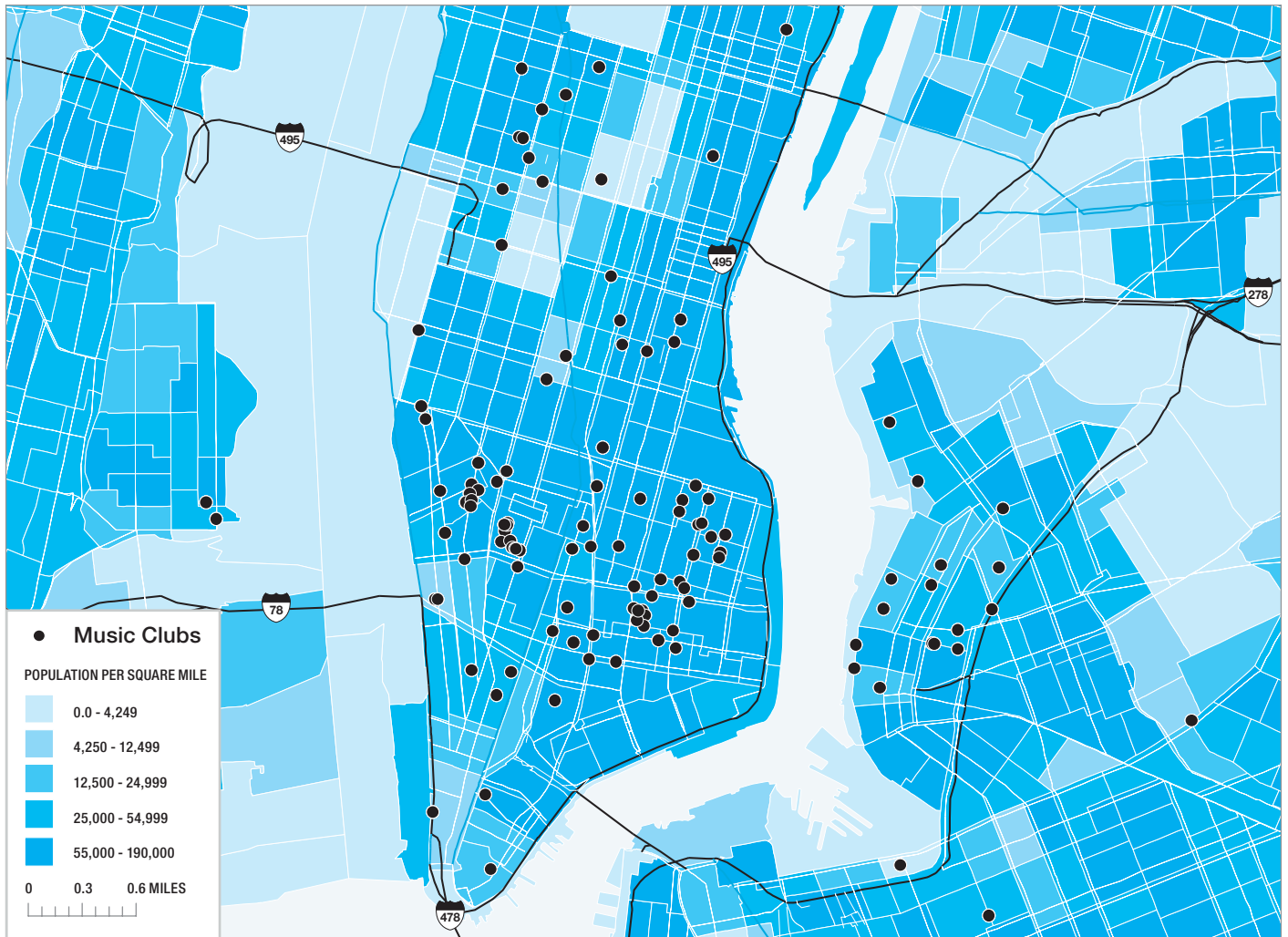
A detail view confirms this observation, and also shows that Chicago's clubs form strings rather than clusters, lining up along arteries rather than bunching together within neighborhoods.

FIGURE 45 CHICAGO: GEOGRAPHIC DISTRIBUTION OF MUSIC VENUES, DETAIL OF FIGURE 42



City Search, 2007, see footnote 27.

FIGURE 46 NEW YORK: GEOGRAPHIC DISTRIBUTION OF MUSIC VENUES, DETAIL OF FIGURE 44



City Search, 2007, see footnote 27.

This beads-on-a-string pattern is also reflected in Austin but far more tightly, with at least 10 clubs squeezed together within a few blocks on the same street. Seattle's clubs offer a third pattern: neither tight clusters nor strings but a relatively even geographical spread, at least in the downtown area.<sup>28</sup> Austin's club scene is like Los Angeles' but more walkable.<sup>29</sup>

A more detailed spatial analysis of live venues is needed to show whether these clusters are musically integrated or segregated by genre. This would make it possible to distinguish areas that specialize in a particular kind of music, or are leaning that way. In Chicago, thanks to painstaking work done by historical geographers of Chicago blues, we know that blues clubs were once thickly clustered in segregated African American communities on the South and West Sides but absent downtown. Over the decades, that scene has thinned somewhat in those neighborhoods while spreading into the downtown and North Side.<sup>30</sup> The maps of Chicago blues clubs do show, however, that there is enough clustering still in African American communities to suggest the feasibility of policy initiatives aimed at cultivating these clusters and making them more visible to outsiders, perhaps as "blues districts." ■

## THE GRASSROOTS SCENE

One last element of the live music scene flies below the radar of the nationwide-focused data sources upon which we must rely for this comparative study: the grassroots scene of underground hipsters, music-star wannabes, musicians in training at conservatories or music schools, and semi-professional performers of all kinds of music. While some of these performers may occasionally play gigs in small clubs or give occasional concerts, they tend to perform more often in ad hoc settings such as raves, unlicensed clubs whose business operations cannot be traced, house parties, college classrooms, dorms, church basements and garages. Though some may be signed to independent labels, they often do not tour but perform locally or regionally only. Though their cumulative effect is enormous, the direct economic contribution of these musicians individually is thus next to nil, and like the dark matter in the universe their presence in a city can only be measured indirectly, for example by noting the unusually high revenues generated by musical instrument retail stores in a city such as Boston.

Within only the last several years, however, the existence and extent of this vast grassroots sub-sector of the music industry has become statistically visible, thanks to the advent of MySpace Music, a site on myspace.com that enables hundreds of thousands of musicians to create their own webpage to post their music to the web. Many of these are hugely popular stars, of course—everyone from Outkast to James Taylor has a site. Because membership is voluntary, and because MySpace Music will not register those performers who lack computer skills or the recording software and equipment needed to record an mp3, the site has its limitations. And it is undoubtedly slanted toward commercial music. Still, with over 1.4 million pages, it constitutes the most complete unified database of musicians and groups available to date.<sup>31</sup>

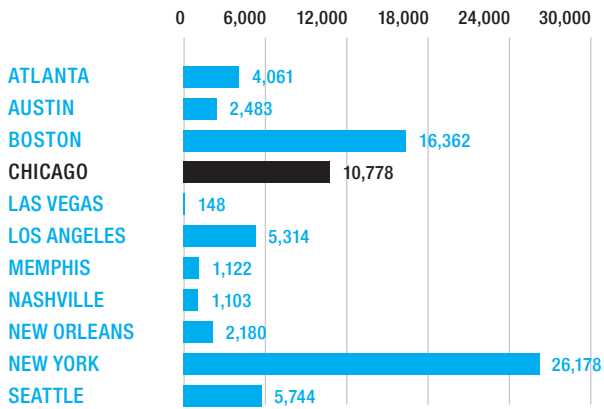
Most of these 1.4 million are amateurs who do not even list their geographic location. Nationally, we found 376,389 performers who listed their city on webpages on MySpace Music as of February 2007. Fully one-third of those performers were located in places outside the top 50 metropolitan areas. The New York metro area led with over 26,000 individuals or bands listed, followed by Boston at 16,362 and Philadelphia at 11,300. The showings by these two cities are particularly impressive given their relatively small population bases. Chicago came in a highly respectable fourth, with 10,778, a thousand more than Washington-Baltimore and twice that of Seattle. Most of these performers are missing from the County Business Patterns, which, as noted earlier, places music group employment at 1,940 in Chicago.

Most surprising, at first glance, were the low figures for Los Angeles, Nashville, and Las Vegas. Only 5,314 bands from LA appeared on the MySpace Music website (a mere 200 more than are found in the business census), barely 1,000 from Nashville (which lists 2761 employed musicians), and a very low 148 from Las Vegas. The figure from Las Vegas is particularly astonishing given that the County Business Patterns counts 530 musicians and musical groups employed there. One hypothesis to account for this anomaly is that in Los Angeles, Nashville and Vegas most employed musicians are hired for house bands or studio work and may

therefore not be concerned about promoting themselves via the internet. In Nashville, moreover, musicians are very likely to be songwriters aiming to sell their songs who may be uninterested in promoting themselves to the general public (or who may even have a motive for not putting their songs up on the internet where competing songwriters could steal their ideas).<sup>32</sup> More research would be needed to confirm this speculation. It seems clear, however, that cities which are strong in some respects musically may be very weak in others.

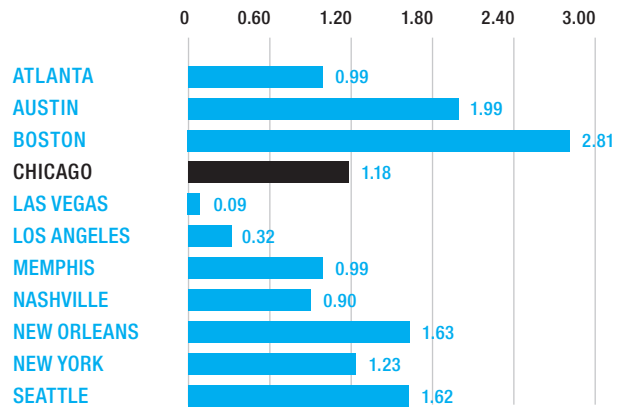
While Chicago boasts a huge number of musicians and musical groups, the average person is less likely to know someone who is in a band here than in Boston, Austin, New Orleans, or Seattle. Boston is the city with the most performers per capita, with roughly one musician or group for every 500 residents. In Chicago, the figure is closer to one musician or group per thousand residents. New Orleans' strong showing here is gratifying, indicating that the city's musical grass roots remain strong even after the devastation wrought by Hurricane Katrina. ■

FIGURE 47 NUMBER OF MUSICIANS OR BANDS



*MySpace.com, downloaded January 2007, see note 31.*

FIGURE 48 NUMBER OF MUSICIANS OR BANDS, PER THOUSAND PEOPLE



*MySpace.com, downloaded January 2007, see note 31.*



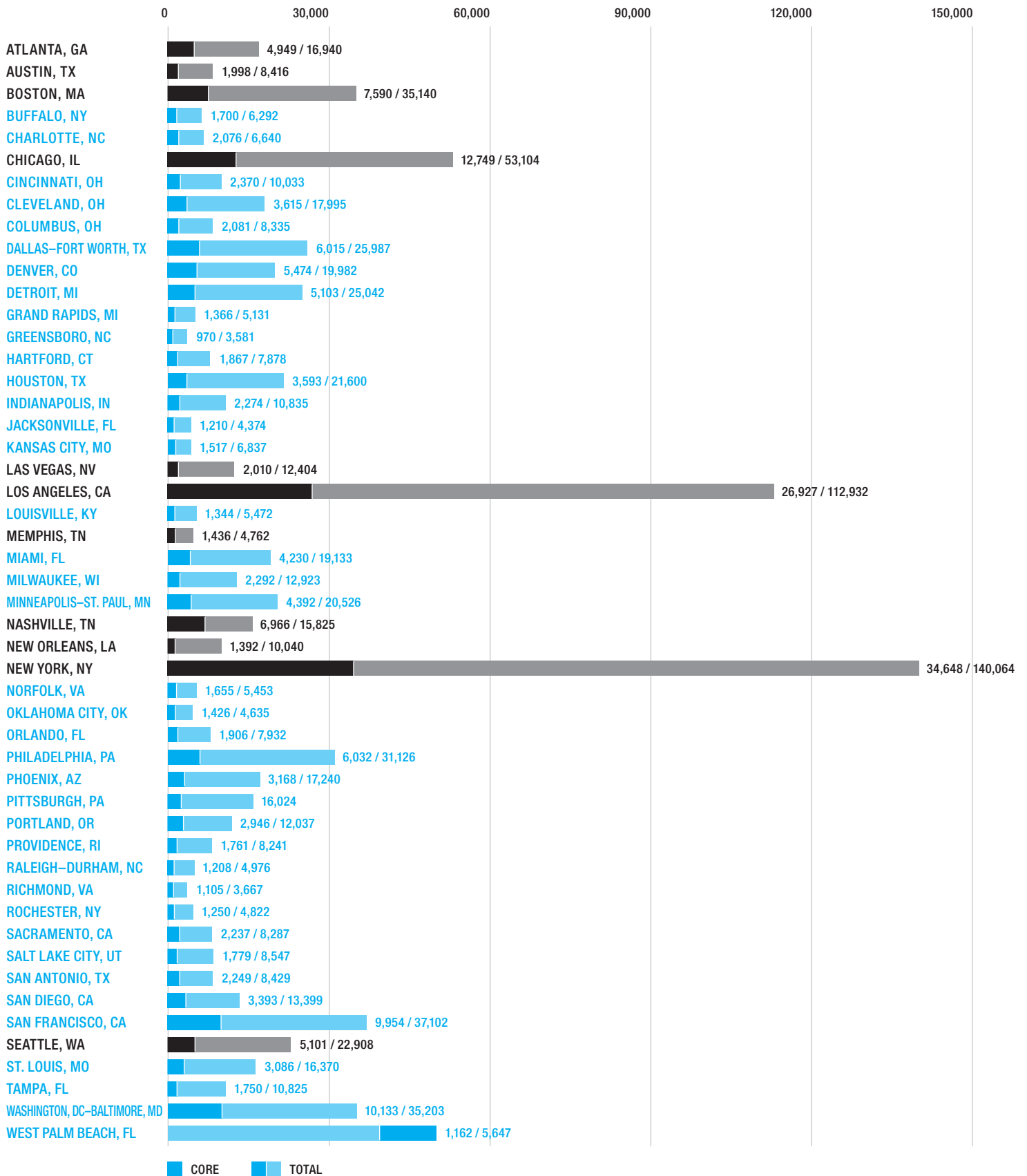
# CONCLUSION

No one city is the overwhelming leader in all the categories we have examined, leaving open the question of whether there is a single music capital of America. Chicago does stand out as a strong contender, however. By almost any measure, it is a great music city. Chicago ranks in the top five out of our ten music cities in almost every category we have examined, and in the top three in most of those.

But this strength is less well-recognized than it could be, for several reasons. First, the music industry in the Windy City has not carved out a specialty niche as a recording capital for a particular genre, as Nashville and Atlanta have done. Although Chicago blues is a brand that draws a stream of tourists (thanks in part to the city-sponsored annual blues festival), blues-making and listening constitutes only a small fraction of a much bigger overall local industry and live scene. Second, Chicago's music industry is a small fish in a big pond populated by many other strong industries. Los Angeles and New York, of course, are also big ponds, but in their cases the music industry is tightly affiliated with film or television, while Chicago's is more or less on its own. Third, Chicago's wonderfully variegated music scene has not developed a distinctive physiognomy like those found in some other cities. There is no equivalent to Beale Street or the French Quarter, and no city-level policy in place to encourage or drive the creation of music districts. Lastly, despite being a big trade show/convention town, Chicago has not established itself as a music trade show hub in the way that Austin has done with its highly successful South by Southwest conference/festival.

The data we have presented here may help overcome these shortcomings by making visible just how strong Chicago is compared to its competitors in the music business. In addition, we hope that the industry here and elsewhere will take these figures as benchmarks against which to measure future growth. ■

## APPENDIX 1 MUSIC INDUSTRY EMPLOYMENT: CORE COMPONENT AND TOTAL



County Business Pattern Data 2004. The core of the music industry includes, but is not limited to, commercial enterprises dedicated to performing, producing, and broadcasting, and selling music. The total includes the core, plus peripheral sub-industries that support it, including promoters, managers, schools of art, music, and dance. Please see Figure 1 for further details.

## RELATIONSHIP BETWEEN MUSIC INDUSTRY EMPLOYMENT AND OVERALL EMPLOYMENT

Calculations were run for all MSAs using County Business Pattern data (non-metro areas were selected out). In the first model, we show the importance of *arts growth* (ARTSGROW\_N), measured by the increase from 1998 to 2001, to overall *job growth* (EmpChange9801), also measured from 1998 to 2001, but we add music industry employment in 2004, from our County Business Patterns data. Music employment is insignificant in this model. This means that variation in music employment seems to happen by chance, and does not significantly explain overall job growth (a value of 0 in the “Sig” field indicates almost certain significance). The most important factors influencing job growth in this time period are median gross rent, followed by existing population and arts employment. The significance of arts growth to the overall model is striking, as it seems that arts growth is more important than crime rate, race, per capita income, or the number of college graduates, *but* including arts growth and music employment in the same model may be suppressing the significance of music employment, as the two are probably related strongly.

Therefore, in the second model, we re-run the same regression but remove arts growth as a variable. Music employment is suddenly much more significant (a value of .109, versus .701). Regression 2 shows that music employment is one of the factors correlated most strongly to job growth, falling behind median gross rent and race, but ahead of crime rate and virtually tied with per capita income. Again, while the statistical model suggests that we should take this finding with a grain of salt, it is very suggestive, especially considering the relatively small number of music employees when compared to total employees in an area. ■

## REGRESSION 1: INCLUDING GROWTH IN ARTS JOBS AS A VARIABLE

### MODEL SUMMARY

MODEL	R	R SQUARE	ADJUSTED R SQUARE	STD. ERROR OF THE ESTIMATE
1	.331(A)	.109	.106	.156118992911907

County Business Pattern Data 2004. (A) - Predictors: (Constant), pop, PctDemVote, ARTSGrow\_N, CrimeRate1999, PerCapIncome, MedianGrossRent, musicemp, LevelNonWhite\_90, CollProfLv

### COEFFICIENTS(A)

MODEL		UNSTANDARDIZED COEFFICIENTS		STANDARDIZED COEFFICIENTS	T	SIG.
		B	STD. ERROR	BETA	B	STD. ERROR
1	(Constant)	-.164	.018		-9.036	.000
	Musicemp	-3.23E-006	.000	-.014	-.385	.701
	CollProfLv	.004	.002	.088	1.929	.054
	PerCapIncome	1.36E-006	.000	.031	1.024	.306
	LevelNonWhite_90	-.005	.002	-.096	-2.179	.029
	MedianGrossRent	.000	.000	.202	6.686	.000
	PctDemVote	-.001	.000	-.098	-4.595	.000
	ARTSGrow_N	.001	.000	.122	5.363	.000
	CrimeRate1999	2.25E-006	.000	.028	1.267	.205
	Pop	6.02E-008	.000	.125	2.309	.021

County Business Pattern Data 2004. (A) - Dependent Variable: EmpChange9801

## REGRESSION 2: REMOVING GROWTH IN ARTS JOBS AS AN INDEPENDENT CATEGORY

### MODEL SUMMARY

MODEL	R	R SQUARE	ADJUSTED R SQUARE	STD. ERROR OF THE ESTIMATE
1	.360(a)	.130	.121	.113116777552566

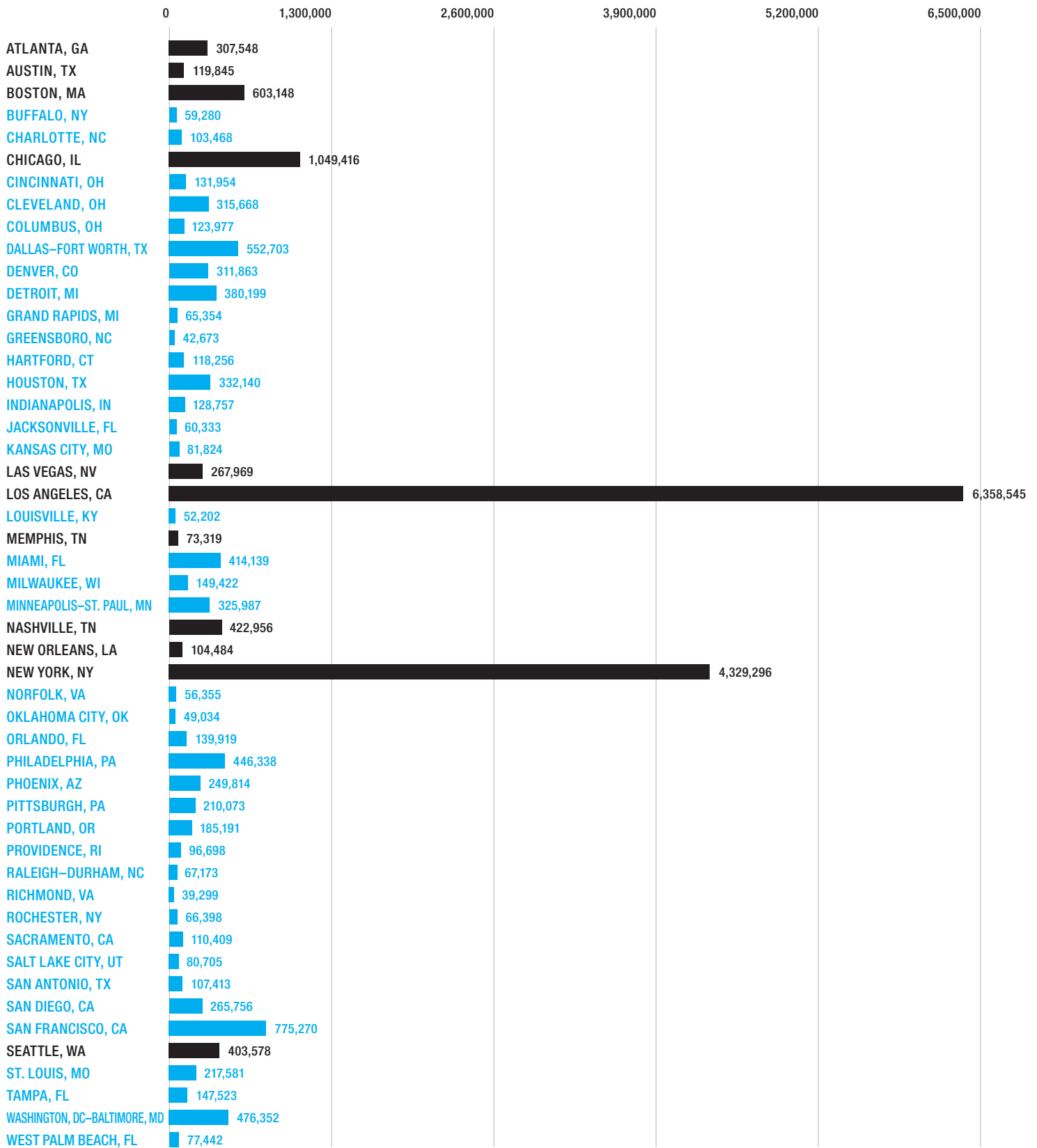
County Business Pattern Data 2004. (A) - Predictors: (Constant), pop, CrimeRate1999, PctDemVote, MedianGrossRent, PerCapIncome, musicemp, CollProfLv, LevelNonWhite\_90

### COEFFICIENTS(A)

MODEL		UNSTANDARDIZED COEFFICIENTS		STANDARDIZED COEFFICIENTS	T	SIG.
		B	STD. ERROR	BETA	B	STD. ERROR
1	(Constant)	-.156	.024		-6.479	.000
	Musicemp	9.76E-006	.000	.093	1.616	.106
	CollProfLv	6.79E-007	.002	.000	.000	1.000
	PerCapIncome	-2.88E-006	.000	-.095	-1.825	.068
	LevelNonWhite_90	-.006	.002	-.246	-3.031	.003
	MedianGrossRent	.000	.000	.356	7.252	.000
	PctDemVote	-.001	.000	-.081	-2.232	.026
	ARTSGrow_N	.001	.000	.122	5.363	.000
	CrimeRate1999	3.72E-006	.000	.066	1.855	.064
	Pop	5.36E-008	.000	.238	2.463	.014

County Business Pattern Data 2004. (A) - Dependent Variable: EmpChange9801

**APPENDIX 3 MUSIC INDUSTRY AVERAGE PAYROLL: CORE COMPONENT, IN THOUSANDS OF DOLLARS**



*County Business Pattern Data 2004. The core of the music industry includes, but is not limited to, commercial enterprises dedicated to performing, producing, and broadcasting, and selling music. The total includes the core, plus peripheral sub-industries that support it, including promoters, managers, schools of art, music, and dance. Please see Figure 1 for further details.*

APPENDIX 4 MUSIC INDUSTRY REVENUE—DETAIL OF FIGURE 11: BREAKDOWN BY MUSIC SUB-INDUSTRY IN MILLIONS OF DOLLARS

NAICS Code	SUB-INDUSTRY DESCRIPTION	ESTIMATED RECEIPTS										
		ATLANTA	AUSTIN	BOSTON	CHICAGO	LAS VEGAS	LOS ANGELES	MEMPHIS	NASHVILLE	NEW ORLEANS	NEW YORK	SEATTLE
<b>CORE MUSIC SUB-INDUSTRIES</b>												
33992	Musical instrument manufacturing	0.72	0.27	2.85	3.85	0.00	8.51	.033	3.06	0.11	7.60	2.08
451140	Musical instruments and supplies stores	9.96	3.88	16.25	15.92	5.23	29.74	1.90	4.59	0.92	37.26	4.25
451220	Prerecorded tape, compact disc and record stores	9.73	5.60	12.86	19.10	3.87	45.67	1.76	5.46	2.52	61.46	6.46
512210	Record production	1.32	0.43	0.46	2.85	0.22	18.17	0.32	3.93	0.43	11.63	0.58
512220	Integrated record production/distribution	1.04	1.07	1.39	2.04	0.22	20.35	0.95	3.12	0.21	10.55	1.16
512230	Music publishing	0.85	0.21	0.62	1.02	0.89	34.40	0.95	14.36	0.43	19.74	0.29
512240	Sound recording studios	4.81	2.79	3.54	6.51	1.56	59.35	0.63	9.21	0.85	33.54	3.78
512290	Other sound recording industries	1.60	0.86	1.69	2.75	0.67	13.57	0.95	1.35	1.28	9.33	1.46
515111	Radio networks	2.35	0.13	0.80	3.24	1.24	7.65	0.24	0.55	0.06	6.42	0.84
515112	Radio stations	13.06	1.69	11.81	13.70	6.22	44.48	1.22	2.02	1.88	35.16	4.58
711130	Musical groups and artists	8.82	3.98	7.43	13.49	9.05	131.81	0.96	19.73	2.85	72.73	4.49
<b>PERIPHERAL MUSIC SUB-INDUSTRIES</b>												
334310	Audio and video equipment manufacturing	0.65	0.22	1.97	1.79	1.00	9.48	0.00	0.56	0.00	3.41	1.17
334612	Prerecorded compact disc, tape and record reproducing	1.39	0.11	1.80	1.79	0.60	8.97	0.06	1.03	0.13	4.97	0.62
611610	Art, drama and music schools	15.88	6.94	31.14	27.95	4.44	44.51	1.61	4.66	2.14	108.31	13.14
621340	Offices of physical, occupational and speech therapists and audiologists	19.84	10.62	26.61	130.88	15.27	73.66	2.51	11.59	4.75	185.89	36.73
711110	Theater companies and dinner theaters	5.16	1.73	7.96	11.94	7.47	46.73	1.38	1.69	1.04	77.14	4.22
711300	Promoters of performing arts, sports and similar events	31.50	8.24	22.41	38.31	23.10	170.61	6.60	22.63	7.71	167.22	18.46
711400	Agents and managers for artists, athletes, entertainers and other public figures	23.42	9.84	26.17	26.21	25.43	263.66	3.04	31.82	4.02	249.98	7.87
711500	Independent artists, writers and performers	186.56	106.12	259.20	309.95	158.51	2,084.72	42.01	313.15	39.25	2,054.78	158.35
722400	Drinking places	21.73	27.44	69.63	185.63	85.57	125.12	9.66	15.12	38.07	238.50	38.68
<b>CORE MUSIC INDUSTRIES TOTAL</b>		<b>54.27</b>	<b>20.91</b>	<b>59.71</b>	<b>84.47</b>	<b>29.18</b>	<b>413.70</b>	<b>10.21</b>	<b>67.38</b>	<b>11.55</b>	<b>305.42</b>	<b>29.99</b>
<b>CORE AND PERIPHERAL MUSIC INDUSTRIES TOTAL</b>		<b>360.40</b>	<b>192.17</b>	<b>506.60</b>	<b>818.91</b>	<b>350.58</b>	<b>3,241.15</b>	<b>77.07</b>	<b>469.64</b>	<b>108.67</b>	<b>3,395.63</b>	<b>309.23</b>

Notes: Receipts estimated as follows: (1) receipts per establishment estimated from Non-Employer Statistics; (2) # of establishments estimated as establishments from Non-Employer Statistics plus establishments from County Business Patterns; (3) when number of establishments is not reported for sub-industry in Non-Employed Statistics, the fraction of higher-level category establishments which are in sub-industry is estimated from County Business Pattern data and assumed to be the same for Non-Employed Statistics; (4) total number of establishments is multiplied by receipt per establishment.

## FOOTNOTES

- <sup>1</sup> For a classic critique of the use of multipliers in economic impact studies on the arts, see Bruce Seaman, "Arts Impact Studies: A Fashionable Excess," in *Economic Impact of the Arts: A Sourcebook*, National Conference of State Legislatures, (Washington, D.C.: 1987), 43-76. A more full-scale treatment of the issues surrounding the use of economic impact studies in the arts may be found online at <http://culturalpolicy.uchicago.edu/eiaac/>.
- <sup>2</sup> See Richard Florida, *The Rise of the Creative Class: And How It's Transforming Work, Leisure, Community and Everyday Life* (New York: Basic Books, 2002).
- <sup>3</sup> We chose to analyze comparative data for 2004, with the understanding that the economic and musical disruption caused by Hurricane Katrina would make it difficult to conduct true comparative analysis in most of our metrics for 2005 and 2006. The only metrics for which we were unable to use 2004 data were for our analysis of the geographic distribution of musicians, musical groups, and music venues. For these, we used current 2007 data.
- <sup>4</sup> Except where noted, we use the Office of Management and Budget's Metropolitan Statistical Area (MSA) definitions for all cities/metropolitan areas analyzed. We employ city names as shorthand ways of referring to these larger entities. Where an MSA includes several cities (i.e., "Chicago-Gary-Kenosha") we name only the first city. Exceptions to this rule are: Dallas-Ft. Worth, TX; Minneapolis-St. Paul, MN; Raleigh-Durham, NC and Washington, DC-Baltimore, MD. To identify the 50 most populous MSAs, we rank order them according to their total population as of the 2000 Decennial Census.
- <sup>5</sup> See Theodor Adorno and Max Horkheimer, "The Culture Industry: Enlightenment or Mass Deception," in *The Dialectic of Enlightenment* (Stanford: Stanford University Press, 2002), 120-167.
- <sup>6</sup> Richard Caves, *Creative Industries: Contracts between Art and Commerce* (Cambridge: Harvard University Press, 2000), 2.
- <sup>7</sup> Caves, 5.
- <sup>8</sup> To analyze employment, number of establishments and payroll for the music industry in each MSA, we used the Census' County Business Patterns data set. This is an annual compilation of statistics providing industry-specific economic data at the county level, which we have aggregated to the MSA level. It covers most economic activity that takes place in business establishments, but excludes the self-employed (as well as household employees, agricultural employees, railroad employees and most government employees). As a result, estimates of employment, establishments and payroll provided in this report are lower-bound estimates of the magnitude of economic activity attributable to the music industry. Statistics from 2004 show that musicians, singers, and related workers accounted for about 249,000 jobs in 2004. Around 40 percent worked part time; almost half were self-employed. U.S. Department of Labor, Bureau of Labor Statistics, *Occupational Outlook Handbook, 2006-2007 ed.*, Bulletin 2600, <http://www.bls.gov/oco/ocos095.htm>.
- <sup>9</sup> Non-Employer Statistics identifies potential non-employer establishments in conjunction with identifying business establishments to be included in the Business Register. Data about the receipts of a non-employer establishment are derived from tax returns filed with the IRS. Industry classification is based on self-reported classifications made in tax returns. We use the Non-Employer Statistics only to generate estimates of music industry receipts; self-employed individuals who are counted in the Non-Employer Statistics but not in the County Business Patterns data are not included in employment, establishment, and payroll numbers. We could not combine North American Industry Classification System (NAICS) with Non-Employer figures because much of the Non-Employer Statistics data is available only at a relatively high level of industry aggregation. That is, we could obtain data for the number of "Performing Arts Companies" non-employer establishments, but not the number of "Musical Groups and Artists," which is subsumed under "Performing Arts Companies."
- <sup>10</sup> For basic information on employment, including the figure cited here, see *Occupational Outlook Handbook, 2006-2007 ed.*
- <sup>11</sup> For the figure on employment of musicians by religious organizations, see *Occupational Outlook Handbook, 2006-2007 ed.*
- <sup>12</sup> The figure for Chicago festival attendance was derived from data extracted from POLLSTAR's *Talent Buyer Directory*. For more on this data source, see note 21.
- <sup>13</sup> NAICS defines the category "Musical Groups & Artists" as comprising (1) groups primarily engaged in producing live musical entertainment (except theatrical musical or opera productions) and (2) independent (i.e., freelance) artists primarily engaged in providing live musical entertainment. Musical groups and artists may perform in front of a live audience or in a studio, and may or may not operate their own facilities for staging their shows." It should be noted, once again, that employment figures derived from County Business Patterns data exclude self-employed individuals.

- <sup>14</sup> Payroll includes all forms of compensation, such as salaries, wages, commissions, dismissal pay, bonuses, vacation allowances, sick-leave pay, and employee contributions, to qualified pension plans paid during the year to all employees. For corporations, payroll includes amounts paid to officers and executives; for unincorporated businesses, it does not include profit or other compensation of proprietors or partners. Payroll is reported before deductions for social security, income tax, insurance, union dues, etc. For charts of payroll figures, see Figure 10 and Appendix 3.
- <sup>15</sup> Nielsen SoundScan is an information system that tracks sales of music and music video products throughout the United States and Canada. Sales data from point-of-sale cash registers is collected weekly from over 14,000 retail, mass merchant and non-traditional (on-line stores, venues, etc.) outlets. We rely on year-end sales figures summaries.
- <sup>16</sup> Nielsen measures metropolitan regions in “Direct Marketing Areas (DMAs).” In this section, when we speak of cities, we are referring to DMAs. Nielsen also defines households as “TV Households.”
- <sup>17</sup> See Florida, 67-82.
- <sup>18</sup> Edward L. Glaeser and Joshua Gottlieb, “Urban Resurgence and the Consumer City,” Harvard Institute of Economic Research, Discussion Paper 2109 (2006), 25.
- <sup>19</sup> Terry N. Clark, Daniel Silver, and Lawrence Rothfield, “A Theory of Scenes,” unpublished ms.
- <sup>20</sup> To analyze the quantity and quality of live performance in each of the top 50 MSAs, we rely on data provided to us by POLLSTAR, an information provider that specializes in serving the music industry. POLLSTAR maintains the largest database of concert tour information in the world. They provided us with detailed information about each concert performed in the U.S. in the year 2004 according to their database, including the name of the headliner, the date(s) of the show(s), the concert venue, the number of tickets sold, and gross receipts for each performance. Although included in the data set provided to us, we exclude non-musical performances (such as comedians and dance troupes) from our analysis.

Although POLLSTAR’s database is extensive, it is not exhaustive. It relies primarily on box office reports of ticket sales, and therefore necessarily excludes free performances and performances for which tickets are not sold through a box office. It also appears to exclude concerts whose tickets are sold through a source that does not provide information to POLLSTAR. One particular area in which the data is missing is orchestral and classical music performance, which POLLSTAR does not track well.

A substantial amount of data manipulation was required in order to fit the POLLSTAR data into our analytical framework. In particular, the POLLSTAR data was not provided to us tagged with Metropolitan Statistical Area (MSA) codes. In order to identify which MSA each entry belonged to, we used the city and state fields in the POLLSTAR data as well as a master database of Census-defined geographies.

All municipalities have an official Census designation as a “place.” We matched the name of the city in the POLLSTAR data to the name of the place in the Census geography database. We then matched each place to the appropriate MSA in the Census geography database. In a number of instances, a portion of a given place belonged to a particular MSA, while the remainder was not defined into any MSA. In these instances, we defined the concert as belonging to the MSA. In other instances, a portion of a given place belonged to one MSA while the remainder belonged to a different MSA. In these instances, we defined the concert as belonging to the larger (in population) MSA. Concert information was then aggregated to the MSA level in order to compute MSA-specific measures of live performance quantity and quality.

- <sup>21</sup> In order to assess the popularly determined quality of performances in each MSA, we incorporated an artist-level measure of commercial quality drawn from *Billboard*’s year-end charts. We use the top 100 artists as reported on 2004 Year-End Top *Billboard* 200 Album Artists, originally published in the December 25, 2004 issue of *Billboard* Magazine. This list reports the top-selling albums of 2004 overall; that is, it does not provide information about the top-selling artists within each genre of music. Because we do not use genre-specific lists, our measure of commercial quality is biased toward the most commercially viable genres—rock, country, and rap—and does not allow us to assess commercial quality *within* genres such as jazz, gospel, and folk.

The raw information that *Billboard* uses to construct chart position comes from Nielsen SoundScan, which collects record sales data directly from scanners at retail outlets, venues, and online merchants. The nature of this technology results in the exclusion of albums that do not have a bar code from the raw data from which the *Billboard* charts are constructed. Using artist name from the *Billboard* data and headliner name from the POLLSTAR data, we matched the *Billboard* rank to the POLLSTAR dataset of concerts.



## FOOTNOTES

<sup>22</sup> Every year the *Village Voice* polls roughly 800 music critics nationally, and compiles the Pazz & Jop list of the most critically-acclaimed albums. We use the top 100 artists reported on this list. Using artist name from the *Village Voice* data and headliner name from the POLLSTAR data, the *Village Voice* rank is matched to the POLLSTAR dataset. Although many genres are represented on the list, the list itself is not genre specific, and therefore has the same limitation as the *Billboard* list in that we cannot assess critical quality *within* a genre. Resources did not permit us to supplement the *Village Voice* assessments with genre-specific assessments that might have been provided by other sources such as the CMA Awards (for country music), the Latin Grammy Awards, the GMA Dove Awards (for gospel), or the BET Hip Hop Awards.

<sup>23</sup> We take our data about venue capacity from the *Talent Buyer Directory* published by POLLSTAR. POLLSTAR provides data to music industry professionals, in particular data relevant to booking agents representing touring musicians. The *Talent Buyer Directory* purports to list “every major concert promoter, nightclub, small venue, college, casino, festival, fair, and theme park that books touring artists” ([http://store.Pollstar.com/cgi-bin/store/71B\\_000003.html](http://store.Pollstar.com/cgi-bin/store/71B_000003.html)). Thanks to Stuart Nelsen for helping us to convert the *Talent Buyer Directory* for data analysis.

<sup>24</sup> The distinction between “large venue” and “club” is made by POLLSTAR in the *Talent Buyer Directory*. The grounds for the distinction between “large venue” and “club” remain unclear, but are not simply a matter of the number of seats in a venue. Nonetheless, the aggregate figures do indicate something real about the seats available in various cities.

The *Directory* includes two fields pertinent to venue capacity. One is entitled “capacity,” the other “miscellaneous capacities.” “Miscellaneous Capacity” tends to include the following two sorts of specifications: 1. outdoor capacities for venues which generally hold indoor concerts 2. capacities for specific rooms or theaters within a larger complex. In general, we have only used the venue capacity listed in the generic “capacity” field. Including the miscellaneous capacities would have required making many interpretive decisions, including questions about whether to count the outdoor or specific theaters as separate venues and whether to subtract or add these sub-venue capacities to the total capacity. The analytic payoff of including this other information may very well be rather small relative to the costs.

<sup>25</sup> Peterson and Kern, “Changing Highbrow Taste: From Snob to Omnivore,” *American Sociological Review* 61 (October 1996): 900-907.

<sup>26</sup> The data pertaining to genre were extracted from the *Talent Buyer Directory*. For casinos, clubs, and small venues the *Directory* included a field called “format.” Formats included: all types, varied, roots, funk, Latin, punk, top 40, jazz, alternative, worldbeat, folk, none, zydeco, Celtic, reggae, hip hop, heavy metal, rock, college, bluegrass, acoustic, R & B, rockabilly, classic rock, pop, techno, classical, swing, ska, Cajun, blues, country, gospel, and dance. Although POLLSTAR also identifies which venues feature comedy shows, we removed this measure from our data because it was not germane to this study. The “unspecified” category in Figures 32-41 combines data from four categories of classification from POLLSTAR: “all formats,” “varied,” “college” and “none.”

Many venues listed multiple genres under the format heading. The ordering of the genres listed was not clear: sometimes the genres seemed to be listed alphabetically, sometimes along other lines, perhaps by priority. Because we could not determine which was the case, and because there did not seem to be a consistent pattern determining whether formats were listed alphabetically or by priority, we treated all listed genres equally in our analysis. The following procedure was adopted for analysis: for each venue, the total capacity was divided by the number of different genre formats. Each genre format received credit for that fraction of the total seats in the venue. For example, a club with 1200 seats that listed the formats blues, jazz, and rock would undergo the following operations: 1200 seats/3 formats = 400 seats per genre. That club would therefore contribute 400 seats to each of blues, jazz, and rock to the city’s total number of seats devoted to each of those genres.

Because the *Directory* did not include genre information about large venues or fairs and festivals, we were not able to include such information in this analysis. Since a number of festivals are genre-specific (in Chicago, there are major blues, jazz, and gospel fests, to name only a few), this is a significant but unavoidable omission. The *Directory* also does not include clubs at which only local musicians perform, or houses of worship in which gospel and other forms of music are regularly performed.

<sup>27</sup> Locational data for live music clubs was downloaded from City Search on April 22, 2007 for Chicago, New York, and Los Angeles, and on April 23, 2007 for Atlanta, Austin, and Seattle. Using the “My Maps” feature of Google Maps, we located and mapped these clubs. A .kml (Keyhole Markup Language - the standard file format for Google Maps) file was created from this data and then turned into a shape file using a free program called kml2shp.

<sup>28</sup> For technical reasons, the maps of Austin and Seattle could not be reproduced here. They may be viewed on the Cultural Policy Center’s website, <http://culturalpolicy.uchicago.edu>.

## FOOTNOTES

- <sup>29</sup> It is worth noting that the maps produced here tell us nothing about the seating capacity of the clubs shown, nor—more importantly—about what kinds of music are being performed in them. This information is not readily available from our data sources, unfortunately, except for the small subset of clubs (about 10% of the total) that book touring musicians or bands using the POLLSTAR *Talent Buyers Directory*. It is unclear whether maps showing only clubs booking touring performers tell us much about the overall vitality of the local scene. For that reason we have chosen not to reproduce these maps here. We can report, however, that “music cities” exhibit some major differences in the clustering of clubs booking touring performers. There is no there there in Atlanta, at least with regard to touring performers: there is no center and almost no variety in the kinds of performers traveling through the city. Atlanta’s antithesis is New Orleans, where, as one might expect, the French Quarter shows both tight clustering and variety of music clubs. Austin’s clubs are nearly as tightly clustered as New Orleans but exile all variety outside the cluster. New York’s touring performer scene is more musically integrated and tightly clustered than either Los Angeles’ or Chicago’s.
- <sup>30</sup> For historical maps of Chicago blues clubs, see Michael P. Conzen and K.M. Grinnell, “Blues Clubs in Chicago,” *Encyclopedia of Chicago*, <http://www.encyclopedia.chicagohistory.org/pages/1764.html>. These maps were compiled from K.M. Grinnell, “The Blues Fell Down this Morning: Blues and Chicago’s Black Belt in the Post-World War II Era,” (Bachelor’s thesis, University of Chicago, Committee on Geographical Studies, 1998).
- <sup>31</sup> Data was extracted using a Java program in conjunction with the MySpace Music URL: [http://musicsearch.myspace.com/index.cfm?Mytoken=4F01686C-9A80-49B0-AFF079B987C8190370284252&bandname=&Keywords=&search\\_term=&State=&Country=US&Zip=&Distance=&GenreID=&OrderBy=2&localType=countryState&xargstringp=&xargstringn=&lastpagesent=0&get=1&fuseaction=music.search&page=1&SearchBoxID=MusicPaging](http://musicsearch.myspace.com/index.cfm?Mytoken=4F01686C-9A80-49B0-AFF079B987C8190370284252&bandname=&Keywords=&search_term=&State=&Country=US&Zip=&Distance=&GenreID=&OrderBy=2&localType=countryState&xargstringp=&xargstringn=&lastpagesent=0&get=1&fuseaction=music.search&page=1&SearchBoxID=MusicPaging). Raw data was downloaded between January 24, 2007, 6:44 p.m. CST and January 25, 2007, 7:13 p.m. CST. Using a second custom Java program, raw data was parsed into Band Name, City, State, Primary, Secondary & Tertiary Genre, Play Count, View Count and Number of Fans. Musicians and groups that did not publicly identify their geographic location were not included in the sample.
- <sup>32</sup> We thank Bill Ivey and Steven Tepper for suggesting this interpretation of what is happening in Nashville.







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