

The Sound of Salience: Measuring Platform Power in Music Streaming

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The Sound of Salience: Measuring Platform Power in Music Streaming

Abstract:

Digital platforms dominate many industries, raising concerns about their influence on consumer choice and market competition. Their user interface is a significant aspect, yet research on its causal impact on consumer choices is limited. We estimate the effect of Spotify's major user interface makeover on playlist consumption. The makeover decreased the salience of the global and country-specific *Top 50* playlists and increased competition from personalized playlists. Relying on streaming data for the daily top 200 songs in 38 countries and a regression discontinuity design, we find a significant reduction in the previously documented *Top 50* playlist inclusion effect, with consumption levels dropping by more than half. This suggests that user choices are substantially dependent on platforms' user interface decisions. Spotify can steer consumption to certain playlists, impacting consumer welfare and royalty payouts. We discuss implications for platform suppliers and regulators.

Keywords: platform power, user interfaces, music streaming

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