

The cultural logic of digital intermediaries: YouTube multichannel networks

Convergence: The International Journal of Research into New Media Technologies
2016, Vol. 22(4) 348–360
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sagepub.co.uk/journalsPermissions.nav
DOI: 10.1177/1354856516641628
con.sagepub.com



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Abstract

How has YouTube evolved as a cultural and commercial infrastructure? What institutional forms has it produced? The present article takes up these questions through a discussion of multichannel networks (MCNs) and their role within the digital video system. MCNs are a new breed of intermediary firm that link entrepreneurial YouTubers with the advertising, marketing and screen production industries. This article considers the functions of MCNs vis-à-vis the existing constellation of screen industry professions, including talent agents, managers and media buyers, who perform similar functions offline. Combining structural analysis of the MCN industry with an assessment of its cultural impacts, I show how Google's decision to open the YouTube back-end to third-party intermediaries is subtly changing the digital video ecology.

Keywords

Digital video, distribution, intermediaries, MCNs, media industry studies, multichannel networks, professionalization, YouTube

Hollywood believes in pixie dust. Silicon Valley believes in data.

Today's entertainment has to be a combination of both.

(Larry Shapiro, Head of Talent at Fullscreen, cited in Spangler, 2014b)

It has been almost a decade since Google acquired YouTube from its founders, Chad Hurley, Steve Chen and Jawed Karim. During this time, the site has changed profoundly, shedding the youthful exuberance of its early years – the 'broadcast yourself' era – and morphing into a more structurally complex, managed ecosystem designed to monetize both amateur and professional content.

YouTube's cultural-economic logic has changed along the way. The early YouTube was characterized by the promise of direct, DIY communication with a global audience, and its corporate image was that of the upstart outsider. Today, YouTube is thoroughly mainstream.

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Its signature innovations – revenue sharing of video advertising, automated content ID and open viewer metrics – have become the basis for a massive commercial ecosystem (Burgess, 2014; Cunningham, 2012; Grainge and Johnson, 2015; Kim, 2012; Snickars and Vonderau, 2009). Every surface of YouTube – display ads, overlays, comments, pop-ups and not least the *mise-en-scene* of the videos – has been opened for business in one way or another. This process has involved not only Google but a wide range of other actors, including advertising agencies, data analytics firms, digital marketing companies and spambots, as well as hundreds of thousands of non-professional producers.

A significant but understudied aspect of this story is the emergence of *multichannel networks*, otherwise known as MCNs, or more colloquially, as YouTube networks (for brevity I will use the term MCN). MCNs are intermediary firms that operate in and around YouTube's advertising infrastructure. A common business model is for MCNs to sign up a large number of popular channels to their network, then, using YouTube's content management system, to sell advertising and cross-promote their affiliated channels across this network, while also working with popular YouTube celebrities to develop them into fully fledged video brands. Since 2009, several hundred MCNs have started up across the United States (especially in Los Angeles), in major European markets and in a number of other countries. These companies form part of a thickening layer of management around YouTube stars. As well as having a commercial relationship with YouTube, which works direct with popular creators via the Partner programme, many YouTubers now sign contracts with MCNs to increase their audience and advertising income and agree to split their ad revenue with the MCN accordingly. Likewise, top-tier celebrities (pop stars, actors and models) often add an MCN to their existing team of artist representation, alongside their manager, agent, label/studio partners, lawyer and so on.

MCNs are controversial. YouTube is full of warning videos about the dangers of signing up with 'networks' that are accused of exploitative tactics such as in-perpetuity contracting and unfair revenue splits. Several top YouTube producers have broken up with their MCNs in spectacular fashion, notably Ray William Johnson (Your Favorite Martian) who railed against the 'thuggish' talent contracts of Maker Studios (Johnson, 2012). More generally, MCNs are criticized for their explicitly commercial function within the hybrid cultural–commercial–expressive space of YouTube. As Morreale (2014: 126) argues, they are part and parcel of a wider process 'in which the productive potential of prosumption becomes channelled into consumption'.

There is no doubt that the rise of MCNs reflects the deepening commercialization of YouTube and the wider logics of commodification that are integral to Web 2.0 (Andrejevic, 2009; Fuchs, 2014; van Dijck, 2013). Whilst I do not dispute this point, I would suggest that the task for critical analysis at this stage of the game is to scrutinize *specific logics* of commercialization at work within *particular parts* of that ecosystem, on the understanding that these are not monolithic in their operation or effects. In other words, we need to look in more detail at the structures that enable this commercialization and their consequences. In the case of MCNs, this involves asking questions such as: What are the implications, both economic and cultural, of this new layer of professional management around YouTube producers? And what does this mean for YouTube as a cultural space? The present article addresses these questions by analysing the MCN as a new and evolving institutional form and by assessing its impacts on YouTube's diverse production cultures.

MCNs as intermediaries

One way to answer these questions is to take a comparative approach, exploring similarities and differences between the MCN and other media professions. Much of the controversy around MCNs

stems from their structural position as middlemen, removed from the creative work of video production yet profiting from the attention and traffic generated by such videos. In this sense, MCNs have something in common with existing professions, such as agents, brokers and distributors, which have attracted similar critiques in the past. In other words, the MCN can be understood as a kind of *intermediary*.

The formerly niche field of media and cultural intermediaries research has grown in recent years, attracting an eclectic mix of social scientists and cultural theorists. This approach is concerned with understanding ‘those workers who come in-between creative artists and consumers’ and emphasizes how they provide ‘a point of connection or articulation between production and consumption’ (Negus, 2002: 503). In other words, it is about the messy middle of media industries, and how its organizational structures shape cultural worlds. Some of this literature comes from a body of research on *cultural intermediaries*, a tradition with roots stretching back to Bourdieu (1984) and Williams (1981), which has generated an ongoing discussion in cultural studies (Hesmondhalgh, 2002; Negus, 2002; Smith Maguire and Matthews, 2014). Related research on specific intermediary professions, such as marketing and distribution, can also be found within film studies, popular music studies and media industry studies (e.g. Johnson et al., 2014; Negus, 1992, 1999; Wyatt, 1994) and in related social science disciplines (e.g. Hracs, 2013; Zafirau, 2008). An overlapping body of work, with a different inflection, can be found in cultural economy research, where scholars scrutinize the organizational logics of particular industries, especially advertising (McFall, 2004; Nixon, 2002).

Together, this body of research gives some useful concepts to work with. One of the issues to emerge is the *productive* nature of intermediary work, which feeds back into text and consumption in surprising ways. More than behind-the-scenes technicians, intermediaries ‘serve as one of the prime vehicles through which organizational priorities find their way into representational practices’ (Havens, 2014: 40). A related issue is how intermediaries complicate our understanding of cultural production. As Paul Grainge and Cathy Johnson argue in *Promotional Screen Industries* (2015) – a wide-ranging book about promotional screen professions, such as digital marketing and design – these categorically slippery professions offer an opportunity to rethink settled binaries between production and promotion, and between artists, technicians and ‘suits’.

From this perspective, MCNs are a curious phenomenon. On the one hand, they perform classic intermediary roles in the digital video industry, such as selling advertising, management, repping and promotion, and can thus be considered as a YouTube-specific counterpart to older intermediary professions like ad agencies and talent agents. However, as we will see, MCNs are unlike anything that media industry research has dealt with before. The automated and scalable nature of their activities means that the MCN industry operates in radically different ways from other intermediaries and without the regulatory frameworks that have grown around them. For these and other reasons, MCNs represent an opportunity to revisit some elements of the theory base around intermediaries and update it for the platform economy.

The construction of the MCN

The roots of the MCN phenomenon can be traced back to 2007, when Google began rolling out an early version of what would become its Content ID system and interlocking content management system. These two technologies together enabled third-party management of advertising accounts as well as automated removal of infringing content. This was part of Google’s larger policy to professionalize YouTube by making it more advertiser friendly and removing some of its rough edges.

Throughout this period, Google's strategy was to work with external companies who could help it manage the increasingly vast and chaotic space of YouTube. The role of these companies, which Google designated *multichannel networks*, would be to aggregate ad sales across the platform, increase the quality of uploaded videos, reduce intellectual property infringements and generally make it a more appealing space for advertisers. Since then, hundreds of MCNs have rushed in, signing up hundreds of thousands of YouTubers along the way.¹ Today, there is an MCN for almost every conceivable niche, including music video (Vevo, AllDefDigital), cooking (Tastemade), dance (DanceOn), beauty (StyleHaul), gaming (Machinima), Latino culture (MiTu) and even lacrosse (The Lacrosse Network). The largest of these, such as Maker and Fullscreen, typically represents tens of thousands of channels each.

MCNs have received a lot of hype over the last few years, attracting the attention of journalists, bloggers, the trade press, Silicon Valley heavyweights and venture capitalists. In 2012, a bidding war over MCNs began. Over the next 2 years, major media companies took strategic stakes in various MCNs or acquired them outright to enhance their digital divisions. The most widely reported of these acquisitions was Disney's purchase of Maker in 2014 as part of a deal valued between US\$500–\$950 million.² In other high-profile deals, DreamWorks took a stake in AwesomenessTV, and Warner bought a slice of Machinima. For the studios, having an MCN division gave them an opportunity to develop 'an in-house incubator to understand how to navigate YouTube' (Wallenstein, 2014). As the former Disney CFO Jay Rasulo remarked at the time:

The interest of our business units to get snackable forms of content out there is like 50 years ago when movies studios were trying to make television – it's not completely natural. . . . So it made sense to acquire a company that is very good at this. (Rasulo, 2014: 5)

While the MCN gold rush has eased, there is still a lot of hype and speculation. Specialist investment funds – such as Luminari Capital, which specializes in digital video – have emerged to advise investors in this unfamiliar market. The list of corporate investors in MCNs is ever-growing and includes not only established media and advertising companies (WPP, Singtel, Comcast Ventures, Shine Group, Bertelsmann, Canal Plus and ProSeibenSat 1) but also venture capital firms (Lakestar, Northgate Capital and Mitt Romney's Bain Capital) and celebrities (Jon Landau and Robert Downey) (Spangler, 2014a).

There is now significant diversity in the MCN landscape. Some MCNs specialize in ad aggregation whilst others lean more towards talent development, original production or licensing. Some are staffed by former entertainment agents, whilst others are run by digital marketing types from outside the screen world.³ Some embrace the 'MCN' label, whilst others prefer to describe themselves in different terms – as multimedia companies, studios or 'many-to-many programming services'. Whilst the largest companies, such as Maker and Machinima, have a client list that runs into the tens of thousands, other MCNs work with a smaller group of creators. What most MCNs have in common, however, is the basic model of providing non-professional creators with technical, promotional and advertising services in exchange for a commission (20–50% of net advertising revenues) – a classic intermediary function.

MCN business models

Looking across the MCN landscape, we can begin to construct a loose typology of companies. Many of the largest MCNs are now starting to resemble the traditional talent management companies of Hollywood, rebooted for the digital economy. In terms of their operation, they devote

significant resources to developing a top tier of talent with a 360-degree service – including promotion and cross-promotion, product placement, IP management and data analytics – whilst passively representing a much larger pool of hopefuls through their automated ad placement service. The last few years have seen MCNs engage in all kinds of experiments to monetize their clients' content. One trajectory has been to branch out from channel aggregation and focus on talent development. This involves facilitating deals with legacy media (cable TV appearances, book deals and record contracts) to push their most promising YouTubers up the value chain and make them stars in the offline world. Other MCNs are developing lines of merchandise and running live tours.⁴ This kind of one-on-one attention is typically reserved for the most popular YouTube celebrities. The rest just get the basic, automated ad aggregation and revenue-share service.

As an example, the Los Angeles-based MCN Fullscreen (now owned by AT&T and The Chernin Group) claims to represent more than 50,000 YouTube channels, though in most cases it has no personal contact with these clients. Instead, it builds back-end tools that its creators can use to do things like manage IP, create thumbnails and source stock footage. As its network grows, Fullscreen can – in theory at least – continue to expand its channel and revenue base at marginal cost. This is the MCN model at its most automated, scaled and impersonal. Similarly, Machinima uses a gamified level-of-service model (M-White, M-Red and M-Black), with increasing levels of pampering depending on the creator's popularity and the agreed commission level.

A second trend among MCNs is to work with popular YouTubers to develop branded content, typically in the form of product placement, integration and themed videos around consumer brands. The aim here is to secure high-value consumer engagement as well as eyeballs, in ways that embed brand messages deeply within videos (think of the cooking vlogger who tells you how much they love a particular brand of olive oil, or sponsored reviews of particular cosmetic brands). This model, essentially an update on old-fashioned product placement, is more lucrative than display advertising because MCNs do not have to split their gross revenues with Google:

When you look at our valuation, I think it's interesting that people haven't talked more about how the business models of the MCN landscape are so different. That continues to be ignored. When you talk about our model, half of our revenue is not Google-media driven. It's from branded entertainment. So when you look at the value of revenue, all parts are not created equal. Yes, media revenue [i.e. money from pre-roll ads] is extremely important. But half our business is non-Google dependent, and that's a more valuable revenue source. (Stephanie Horbaczewski, founder of the fashion MCN Style Haul, cited in Shields, 2014)

The MCN as a firm has not emerged organically but has been actively constructed and defined by Google, which controls the back-end systems. So we should not make the mistake of assuming that the MCN industry represents the extent of artist management and ad aggregation activity on the YouTube platform, as a wide range of other business models exists. For example, Los Angeles-based Jukin Media specializes in selling broadcast rights to YouTube clips – mostly animal and 'fail' videos – which are used by cable channels and networks as padding for news and entertainment programmes. Described as 'a 5-year-old entertainment company whose staff scours YouTube for videos the company can buy from creators before they take the Internet by storm' (Shamout, 2014), Jukin also packages their clips together into *Funniest Home Videos*-style programmes that are licensed as ready-made shows.⁵ There are also companies that perform MCN-like tasks but operate outside the Google CMS. As an example, Ronaldo Lemos (2014) has written about the phenomenon of entrepreneurial YouTube users from poor areas of Brazil creating their own

YouTube networks and selling ads off unauthorized uploads and playlists of local dance music by popular DJs and MCs, thus creating an informal advertising and cross-promotion network. Lemos' analysis gives a vivid sense of the substratum of commercial activity that goes on beneath the MCNs and outside the official YouTube back end.

These intermediaries are all different yet structurally similar in that they perform classic gatekeeper functions whilst also creating new formal and informal markets around uploaded content. Their common logic is to aggregate content, charge a levy for access to a prized promotional space and provide assistance with technical production and distribution tasks. So we should see them as part of a continuum of commercial intermediation in and around YouTube, one that is likely to become even thicker as the platform evolves.

How new are MCNs?

It is tempting to see the MCN as a wholly new and disruptive phenomenon – a creature of venture capital, platform surveillance and big data; a futuristic firm structure sent by the Internet to shake up the way the entertainment business runs. But if we look closely at MCNs, we find that many of the tasks they perform are actually *extensions* of existing media work. Indeed, rather than performing brand-new functions, MCNs remediate the already-existing work done by media buyers, ad agencies, agents, managers and A&R staff. Most of their signature functions are adaptations of these roles (see Table 1).

Seen from this perspective, the distinctive feature of the MCN is not that it represents a radically new profession but that it remixes and repackages roles into novel combinations. So there is continuity here as well as change.

What makes the MCN such a strange beast, however, is that it performs all these tasks *outside the structures associated with older media professions*, structures which to some extent mitigate the conflicts that arise in entertainment industries. This is a point taken up recently by the television scholar Denise Mann. In an article published in the journal *Media Industries*, Mann describes the MCN landscape as the 'unregulated, wild wild digital West' – a 'para-industry' that has grown rapidly in the absence of a formal industrial structure:

In the still-unregulated space of the new economy, Google (part of what Jennifer Holt dubbed the 'access of evil') has motivated purportedly maker-friendly companies like Maker Studios to bilk their creative partners out of their share of what has become the new economy equivalent of Monopoly money – AdSense dollars. (citing Holt, 2010; Mann, 2014)

Mann's frontier metaphor is apt: The digital video scene is certainly wild and conflict-ridden, reminiscent of previous moments where new markets emerge, attracting an influx of entrepreneurial types. Characteristic of the early years of a medium – as in early cinema, radio and the printing press – these are times when everything seems up for grabs, the rules have yet to be laid down and the future of the medium can take many different forms. Analytically, this situation lends itself to what Rick Altman (2004) has dubbed *crisis historiography*, or the study of industries in flux, characterized by contestation and conflict among stakeholders with diverging interests, designs and imaginations of what a particular technology could become.

But if past experience is any guide, the 'Wild West' moment will not last forever. In the last few years, the MCN landscape has become very crowded, with a few key players established and some successful business models starting to emerge, and others falling by the wayside. It may be that we are moving to a second phase of the MCN story – reminiscent of the dynamics identified by

Table 1. Intermediary functions performed by MCNs.

Specific function	Typically performed by
Aggregating audiences for ad spends	Media buyer
Content aggregation, marketing and packaging	Distributor/television network/studio
Procurement and repping	Agent
Long-term career development	Manager
Finding new talent and franchises	A&R

Cunningham and Silver (2013) in their study of the digital video-on-demand market (fragmentation followed by shake-out and maturity). Hence, it is interesting to consider how the MCN para-industry (Mann, 2014) – as an organizational structure for intermediary work in digital cultural industries – may evolve in the future and what kind of shape it may take.

I see two key variables in play here. The first is industrial consolidation – the degree to which the rowdy landscape of small and large MCNs may settle down into a smaller, more stable cluster of established firms linked to the major studios. This is already starting to happen, as we have seen with the recent wave of acquisitions and cross-investments; however, we need to remember that the extent of this consolidation will be limited because YouTube as a market is constantly expanding and the start-up costs for networks are so low. The second issue to consider, as raised by Mann, is regulation: how relations between MCNs, producers and the YouTube platform are variously managed, and to what effect. As we will see, the regulatory issues are particularly complex and deserve special consideration.

Regulatory dilemmas

The regulation of digital intermediaries is a fraught issue. From eBay and Amazon to Uber and Airbnb, the Internet has produced a succession of disruptive platforms that bring with them complex public policy issues and regulatory priorities, from tax to public safety, and which are being carefully managed and scrutinized not only by public authorities but also – arguably more effectively – by users and online communities. It is this combination between bottom-up and top-down methods, and between state regulation, co-regulation and self-regulation, which characterizes the situation of digital intermediaries (Lobato and Thomas, 2015: 116–138). As an automated, global platform, YouTube sits uncomfortably between this paradigm of digital governance and the old-fashioned world of entertainment contract law. From this perspective, the characteristic regulatory dramas concerning MCNs – namely contractual disputes over payments and intellectual property – are a curious mix of old and new.

Let's begin by noting that the MCN industry, whilst certainly unruly, is not entirely ungoverned. First, MCNs are subject to the labour and contract laws of the territories in which they operate. Whilst no major legal cases involving MCNs have emerged yet, it is likely we will see these come up soon and that they will provide precedent for future disputes. Second, MCNs are regulated by Google's internal systems, which are constantly tweaked to keep things running smoothly – as in 2013 when Google introduced automated systems to let creators dump their MCNs and reclaim control over their advertising accounts (Marshall, 2013). This is the 'code is law' paradigm (Lessig, 1999), in which Google, through its platform design as well as its voluminous support

material, forums and so on, creates systems designed to anticipate and defray potential conflicts between its various stakeholders. Some of these Google-specific regulatory systems have been remarkably successful. For example, the ostensible transparency of YouTube revenue-share accounting – with its detailed viewer metrics and revenue data updated in real time – has eliminated the tortuous contractual conflicts over gross and net that characterize screen industry accounting. Revenue sharing is seen by all concerned to be straightforward, transparent and safe. As Jeff Ulin (2013: 445) writes, ‘because of the detailed metrics there is implicit trust in the system, and the accuracy (even arguably veracity) of the revenue splits’.

MCNs, in their dealings with prospective YouTube channel partners, emphasize ease of use and simplicity. The process of signing up with an MCN bears little resemblance to the process of signing up with an agent or manager. It is more like signing up to a social network, with a click-through Terms of Service agreement. Nonetheless, it is a contractual relationship. But the boundaries and nature of this relationship may be unfamiliar and opaque, a problem noted in recent scholarship on end user license agreements and similar online contract systems (de Zwart, 2010).

At issue here is the aforementioned characteristic of MCNs to blur boundaries between existing intermediary occupations by providing an automated service that does a bit of everything (see Table 1). In other words, it is an issue of industrial *convergence* – not just between technologies and platforms but also between professional norms and regulatory structures. This situation is inherently conflictual. Because MCNs, in their basic ad aggregation function, are products of the YouTube platform and could not exist without it, it makes sense that they have developed their own ways of working that are specific to this platform and conform to its industrial logic. But as YouTube continues to expand its channel base, and as YouTube celebrities go on to develop cross-media personalities, the YouTube-specific arrangements between producers and MCNs start to rub up against the industrial expectations and norms of the world outside, which has different ways of doing things. Hence, the MCN gets dragged into the legal structures of analogue entertainment – and its status as a ‘360-degree service’ becomes problematic.

Industrial convergence in context

One way to contextualize these issues of industrial convergence and role confusion among intermediaries is to consider how such roles have been defined, at a regulatory level, and how they have evolved as organizational structures. The case of talent agents is instructive here. In his book *Hidden Talent: The Emergence of Hollywood Agents*, Tom Kemper (2010) vividly describes the birth of the modern agent. As Kemper notes, whilst agents existed long before the movie industry, stretching back at least to vaudeville days, the agent as we now know it was born in the early studio period as talent markets began to organize around the studio structure. One of the changes to occur during this period was the increasing demand for third-party intermediaries to represent artists in their negotiations with studios. ‘As the film industry became concentrated in Hollywood studios, with integrated distribution firms demanding steady product from the production divisions’, writes Kemper, ‘talent agents stepped in to serve business functions that had become overlooked during the expansions of the studios’ (Kemper, 2010: 5).

The early years of the Hollywood agent were marked by the same kinds of controversies that we are now seeing with MCNs. In Kemper’s (2009: 7) account, these ‘early battles about agents’ power in the 1930s represent industrial growing pains as the various components of the business struggled to establish places for themselves within the expansion and stabilization of the business’. Contract disputes, often involving the biggest stars of the day, were reportedly widely in movie

magazines and trade press and typically centred on claims of exploitation and conflict of interest. As these stories circulated, desire for regulation of this problematic quasi-profession increased, in a way that is not dissimilar to what is happening now with MCNs. Over time the agent business became subject to layers of law and regulation – labour laws (state and federal), industry codes of practice (including academy regulations) and a registration system (Zelenski, 2003). Their overall effect was to more precisely define the acceptable function of the agent and to distinguish it from the role of producers/studios and managers, by specifying the kinds of work each profession should do and, in the case of agents and managers, the levels of commission that each should receive. The formerly chaotic business of artist representation – once a Wild West profession – became formalized through regulation.

One consequence of all this was a structural division between two previously overlapping professions: the agent and the manager. Agents ('ten percenters') required a license to operate, had fixed commission structures and a defined scope of work, limited mostly to procurement of employment and contract negotiation. Managers on the other hand focused on long-term talent development and were barred from procurement (though not from producing their own movies). Hence, the business models diverged: agents needed a large book of clients whilst managers worked intensively with a few. This structure has blurred significantly in recent years, as the rise of 'packaging' complicates once more the distinction between agents, producers and managers, with major agencies like Creative Artists Agency also acting as producers and packagers of major motion pictures. Yet, the distinction endures as a basic structure underlying Hollywood as well as the industries of other nations that have evolved along similar lines. In Australia, for example, a similar mix of formal law, licensing requirements and guild-level regulations defines the role of the agent and differentiates it from other intermediaries. Similar structures can be found in other nations.

The case of agents is one small example, and each intermediary has a unique history and story to tell. But it raises comparative questions of relevance to the MCN case. To what extent might the future development of MCNs follow these familiar patterns of formalization? Or will it look completely different?

The specificity of the MCN

There are structural similarities between MCNs and agents: both professions were born during a period of wild industry growth and turbulence and both were characterized by high-profile conflicts around artist exploitation, leading to community demands for regulation. But there are important differences, suggesting a distinct pattern of evolution.

The most obvious of these is digital technology. The automated and uniquely scalable nature of most MCN activities allows a much greater scale of artist representation than ever before. Whilst a hard-working agent may be able to manage a hundred or so clients, one MCN staffed by a handful of people can represent tens of thousands. This automation eliminates the personality-driven conflicts associated with the movie industry, whilst introducing new potential spaces of conflict – such as the algorithms underlying YouTube's ad placement systems.

One promise of the MCN is that it will make its creators stand out in YouTube's ocean of content by making their videos appealing to YouTube's algorithms. With this aim in mind, MCNs are developing systems to manage automated cross-promotions across their channels; to offer advice on titles, keywords and metadata and to associate content with topical and frequently searched-for terms. In this sense, the MCN is a search-optimization service tailored for YouTube.

But the entry of these third-party specialists into the YouTube ecology creates an arms race for technical expertise. Like political spin doctors or 'payola' radio promoters (Dannen, 1991), MCNs perform valuable services for their clients whilst also diluting trust in the overall system of which they are a part. YouTube algorithms become seen as something requiring specialist expertise to manage and 'game', leading to greater scrutiny of these algorithms, and reduced confidence in the accessibility of the overall system for YouTubers without MCN contracts.

There is an emerging spatial dimension to these conflicts. In the offline entertainment industries, disputes between agent intermediaries and the talent they represent are adjudicated through the courts based on where the talent, rather than the agent, resides. In the case of Hollywood, this is straightforward as stakeholders are in the same city. But the geography of YouTube – where Los Angeles-based MCNs represent Swedish gamers and Mexican beauty bloggers, and European MCNs represent diasporic producers living outside the European Union – is fundamentally different.⁶ The automated nature of MCN business, and its demand for scale, means that these companies regularly sign up creators far outside their national borders. Indeed, the MCN's scope of activity is determined much more by language-market boundaries than national borders. As YouTube intermediaries multiply, we may start to see the localized contract disputes associated with show business start to play out transnationally, in a way that has few precedents in entertainment history.

Conclusion: The MCN's cultural consequences

This article has analysed a structural shift within the YouTube ecosystem. As we have seen, Google's decision to open up the YouTube advertising back end to third-party intermediaries has subtly changed the economy of online video: it has added another layer of intermediation between top-tier producers and their audiences; it has entrenched entrepreneurial calculation as a cultural norm across the platform and it has further exposed YouTube's producer community to a range of digital economy discourses and expectations. Whilst these changes are not immediately visible to the end user of YouTube, who is unlikely to know or care what an MCN is, they are important because they are subtly recalibrating the way the digital video economy works.

In the preceding discussion, I have focused mostly on structural issues, but let me conclude with some speculative arguments about what the MCN might mean for YouTube as a textual space. As we have seen, MCNs – with their dedicated production studios and 'free' online tools for creators – are part of Google's drive to make YouTube more like TV by raising the aesthetic standards of videos and making the whole user experience more uniform and pleasant. As a rule, MCN involvement is likely to drive professionalization of YouTube video production and distribution, leading to the mix of 'pixie dust' and 'data' envisaged by Larry Shapiro in this article's opening quote. But the point to emphasize is that this professionalization will be unevenly distributed.

MCNs are not interested in all of YouTube; they are only interested in popular channels that align with specific consumer 'verticals' (e.g. fashion, cooking and tech review channels, with their abundant possibilities for pre-roll advertising and product placement, and their clear link to specific advertising markets and demographics). In time, the presence of MCNs is likely to mean that producers working in these verticals may professionalize at a faster rate than in other parts of YouTube, driven in part by the resources made available by MCNs. In other words, the rise of MCNs may start to have a visible effect on the generic make-up of the YouTube archive, by stimulating the production of certain kinds of content over others, and making some kinds of content 'better looking' than others. Producers of beauty, cooking, gamer and fashion videos will

be increasingly targeted by MCNs because of the clear link to consumer markets. Producers of local history and bird-watching videos will probably not receive the same attention. So we can expect to see a changing ratio of professional and amateur production on YouTube and changing aesthetic standards associated with each. This will have differentiated effects across the YouTube landscape.

As noted at the start of this article, YouTube scholarship has undergone a shift away from its foundational discourses of participatory culture towards a more ambivalent evaluation of the hybrid cultural–commercial space that YouTube became at the end of the last decade, following the Google acquisition. With the entry of MCNs, we are perhaps entering a third phase. YouTube is now a managed platform co-governed by intermediaries. This has an associated subjectivity, grounded in the vision of the platform as an ecology of professional services as well as production; a space that requires not just talent and popularity but also third-party expertise as a prerequisite to success. In its 10-year transition from a paradigm of broadcast yourself to ‘sign up with an agent’, YouTube reminds us that disruptive technologies bring not only new production cultures and audience experiences but also the inevitable possibilities for commercial intermediation in the messy middle. MCNs form part of this layer of intermediation, one that tends to thicken in all distribution systems in times of market expansion. In this sense, the MCN reminds us that the history of media is not just a history of creative producers but also, inevitably and especially, a history of middlemen.

Acknowledgement

Many thanks to Dr Tessa Dwyer for invaluable research assistance and input.

Notes

1. To get a sense of the major multichannel networks (MCNs) see SocialBlade’s list of the top 100 YouTube networks, available at <http://socialblade.com/youtube/top/networks>.
2. The initial deal was for US\$500 million, but with performance-related top-ups that could push the final figure significantly higher.
3. An example from the first category is the former Creative Artists Agency agent Larry Shapiro, who has had executive roles with multichannel networks (MCNs) including Fullscreen and AwesomenessTV/Big Frame. But many MCN staff appear to be from outside the Hollywood establishment.
4. An example is FullScreen’s *Idol*-like InTour events, run in conjunction with the organizers of Warped Tour, and featuring Fullscreen’s roster of young male YouTube celebrities. Aimed at young girls, the InTour 2014 event promises an opportunity to ‘see all your fave baes slay a day filled with music, games, comedy and more’. Its tagline: ‘Offline. Out Loud’.
5. Jukin’s model is to purchase videos outright from creators, usually paying a flat fee of a few hundred or a few thousand dollars, or on a revenue-share basis.
6. For example, MiTu is Los Angeles based but works with creators from across the Spanish-speaking world, while the German MCN Studio 71 has signed up German-speaking talent in the United States.

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