

## Live Music Business Session Script

### Session 1 – the Live Music Business

This session will set the scene for study in the other sessions, and introduce you to the live music business.

The live music business is part of the wider **music business**, and there are two other parts – music publishing and the recorded music business. Traditionally each part was separate in its business dealings, and that situation has changed.

Live music has a lot more to do with recorded music these days, and so it's worth briefly examining the structure of that business.

Recorded music is run by record companies, who are divided into majors and indie labels.

**The majors** are the huge, multi-national record companies that have 'labels' within them.

There are now only three major record companies, down from six 15 years ago. The **indie record** companies are so-called primarily because a major label does not distribute the music they release. The majors have their distribution, especially for their physical formats, but indies will use third-party, specialised distribution companies. Indies are also called by this name as they are a smaller, alternative version of the majors, often with an independent spirit.

The whole music business has changed in the last 17 years, and I shall refer to that change as either being in **the 'old days'**, or not. For the sake of clarity, the 'old days' is anytime before 1999. That's was the year that Napster, an original peer-to-peer file sharing service became popular. There is some debate about its long-term effect on the music business, but the year of its arrival serves as a useful milestone.

We are talking about the live music business in the modern day, and you should know that it is in very good health. The trade magazine **Pollstar** releases figures each year, and the screen shows the latest grosses and number of tickets sold.

It's not all stadiums and arenas, thankfully. Pollstar also reports by venue type, and the **screen shows** ticket sales for 'club venues' – presumably venues with a 3000-person capacity or less.

One my favourite venues featured in the list is the **9.30 in Washington, DC**. The Pollstar figures show that the 9.30 sold over 258, 000 tickets in 2015, and with a capacity of 1200, means the equivalent of 215 sold out shows last year.

So, that's enthusiastic overview of the live music business. How does it all work?

Let me introduce you to **'the diagram'** – a pictorial representation of the live music business.

**The screen shows** the people involved in the live music business. The artist, the artist manager, the booking agent and the promoter.

In the early days, the **artist** themselves will book their shows – appealing to bar and club owners' to get gigs. The deals involved with these early shows are usually very simple – a small amount of money (if any) is paid to the artist by the bar owner when the artist performs. This money, called the 'fee', is sometimes dependent on how many people show up and buy tickets or buy drinks and food, depending on the type of venue.

The artist will perhaps team up with an **artist manager** as the artist becomes more successful. The manager, amongst other duties, will look to gain more fans for the artist and put the artist in front of industry taste-makers by booking more, bigger and better shows. Eventually, either the amount of work required to continue booking shows becomes too great, or the artist becomes very successful, and a **booking agent** will become involved.

The booking agent works on behalf of the artist to get shows and tours for that artist. They earn money by taking a percentage from the artist's fee, known as 'commission'. Booking agents are some of the most powerful people in the music business – you can't hire them – they come to you, usually on recommendation, when they feel there is enough potential in your live act for them to become involved. You will study booking agent in detail in a subsequent session.

Once a booking agent is on board, the artist manager and booking agent will work out periods of touring activity for the artist, often in conjunction with the record label. An example would be touring to support a new album. The album may come out in October, for example, and so the band will go on tour throughout late September and all of October to promote it.

When the touring period has been identified the booking agent will contact **promoters** to book the shows. The promoters are the people who either own or hire the concert halls, clubs, theatres and stadiums where concerts take place. The promoter agrees to stage a concert for the artist, in a certain venue, on a certain date. They agree with the booking agent how much they are going to pay the band for the concert (which is worked out from the potential tickets sales) and then advertise the concert, print tickets, and hopefully sell them. Concert promotion is a very risky business, but several companies have become extremely successful worldwide. Again, you will study promoters in another session.

The final step in the process is for the booking agent to issue a contract, between the **artist and the promoter**, that sets out the date, venue and fee for the concert.

Leaving aside booking agents and promoters, let's turn our attention back to **artist manager**. You should be aware that a manager makes her money by taking a cut, or 'commission' of the artists' income. This commission can vary between 5% and 25%, depending on the deal the manager has in place with her artist, and this commission is on all the artist income – from recorded music, publishing income – and live. However, both parties should agree beforehand whether or not the manager is going to commission on the gross or the nett of the artists' live income.

The background to this is that the interwebs are full of news of artist making more money from live performance than from recorded music sales. The **screen shows** credible evidence to support this statement. So obviously a manager is looking to earn a great deal from her artist touring and concert activity – or is she?

**Question: Should an artist manager commission on the net income of live performance, or the gross?**

**A reasonable compromise** is that the manager should receive 10% of the gross or 20% of the net (whichever is the greater). The exercise may seem to be very specific at this early stage of examining the live music business, and it is something that has an obvious impact on artist managers, and their artists, ability to earn money from the live music business.

**In the next session**, you will look at live music business strategy – using live performance to 'break the band'.