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# Concert Promotion Centralization and the Artist Management Response: 1990s–2010s

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## Abstract

Centralization in the concert promotion business affected not only the independent regional concert promoters who made up the bulk of the industry from 1965 to 1995, it also affected the artist and the artist manager. Prior to the centralization, the artist manager, the booking agent, and the promoter worked together to discover, nurture, and develop new acts, providing different perspectives while all sharing a common goal. During this early period the artist was able to establish baseline rights and prerogatives by which the concert promoters needed to abide. However, in the face of this industry centralization, there is potential those artist rights may erode or be lost due to confusion or uncertainty if the artist manager is not an informed negotiator when dealing with the concert promoter, venue owner, booking agent, and ticketing agent (who are very often one in the same).

Keywords: concert promotion, centralization, music industry, artist manager, booking agent, concert promoter, SFX, Clear Channel, Live Nation, Ticketmaster, StubHub

## Introduction

Beginning in the mid-1990s the concert promotion industry underwent significant changes, disrupting the thirty-five year business model of individual, regional concert promoters in favor of centralized, national control—first by SFX, then by Clear Channel Communication, and then by Live Nation (rebranded as Live Nation Entertainment after its merger with Ticketmaster). The ten-year period of centralization between 1995 and 2005 brought significant and long-lasting changes to the financial relationship among the artist, the promoter, and the venue, with the artist arguably experiencing the greatest disadvantage under this altered business model. This paper explores the early history of the concert business, the

period of centralization, and responses that artist managers can employ to maintain the artist's interests in the new era of centralization.

### A Brief History of the Concert Industry: 1965–1995

Up until the mid-1960s live music concerts by popular artists were primarily promoted by the artists' record labels. The labels would package their most popular artists on multi-act bills, sending them out to tour regionally and nationally, booking whatever supper clubs, theaters, or civic halls happened to be available. While this business model was suitable when the primary goal was to increase record sales, it proved inadequate by the beginning of the psychedelic movement and the expanding youth market for live music in the 1960s. Artists and their audiences, seeking places to interact through music, wandered through former vaudeville houses, to desanctified houses of worship, to moribund ballrooms and dance halls. The patchwork, hit-or-miss nature of the concert industry for rock and roll in the mid-1960s, created an opportunity for professionalization and integration among concert promoters.<sup>1</sup>

Into this void came talent agent Frank Barsalona, who started Premiere Talent Agency in 1964 as the first agency to recognize and work with “modern” or “rock” artists.<sup>2</sup> Barsalona thought the best way to build an artist's career was by developing a network of regional promoters who could “promote” his artists in their markets.

One of the reasons I started Premier was to bring in promoters that understood the music and were willing to work from the very beginning to help break the act—on the promise, and obviously I couldn't give them a contract, that if everything went well and they did what they were supposed to do, then we would endeavor to deliver that act to them as long as they did a good job and so long as their offers were competitive. (*Pollstar*, “Executive Profile: Frank Barsalona 1988” 2012)

Two of the first concert promoters he worked with, Bill Graham in San Francisco and Don Law in Boston, represented not only both the West Coast and the East Coast, but also the two epicenters of the college student and youth audience markets.<sup>3</sup> As Barsalona was taking risks by backing his artists, people like Bill Graham and Don Law were taking the risks

of concert promotion. One way of mitigating those risks was to come up with a mutually beneficial profit split between the artist and the promoter. While different split ratios were tried, eventually Barsalona and Bill Graham developed the 85/15 split deal.<sup>4</sup>

According to this deal, after the promotion and production expenses (including the artist's guarantee) were deducted, the artist would receive 85% of the profits and the promoter would receive 15%. Familiarity with this system and skilled negotiation could often move the needle to 90/10 in the artist's favor<sup>5</sup> for the larger acts. While the promoter would earn less per show, the personal relationship between the artists and the promoter was the key to the financial relationship, as long as the promoter could count on presenting the artists whenever they played in the promoter's city.

During the 1960s it was common for local or regional promoters to have a virtual lock on any significant shows happening in "their" towns. They did this by getting "buy-back" agreements with agents and managers. The buy-back allowed the promoter to be the first to bid on a date for an act's next tour date when they had just finished promoting the previous concert date. The promoters could therefore assure themselves of being able to promote shows most likely be successful in the future (Hull, Hutchison, and Strasser 2011, 153).

As the working partnerships fostered by Frank Barsalona between artist and agent on one side and regional promoter and venue on the other proved mutually beneficial, others sought to join in. Table 1 shows some of the major regional concert promoters, their promotion companies, and their primary geographic operating regions.

By stitching together this promoter network, the concert industry grew considerably. Artists went from performing on multi-act, community theatre-type bills to headlining arenas and stadiums. As the artists and agents continued their commitment to regional promoters, promoters began to modify their own business models.<sup>6</sup> Initially the promoters of the mid-1960s and early 70s leased their venues, and often more than one venue in a market, depending on the capacities. However, as they came to rely on their relationships with the artists and the agents, promoters began to purchase or build their own venues while also getting exclusive booking rights over other venues in their markets.

Promoters responded in other ways as well. Rather than remaining solely dependent on their concert promotion business, they sought to di-

| Promoter                                    | Company                  | Region               |
|---|--------------------------|----------------------|
| Bill Graham                                 | Bill Graham Presents     | San Francisco        |
| Gary Perkins, Brian Murphy, Bob Bogdanovich | Avalon Attractions       | Los Angeles          |
| Barry Fey                                   | Fey Concerts             | Denver               |
| Louis Messina                               | Pace Concerts            | Texas                |
| Arnie Granat                                | Jam Productions          | Chicago              |
| Dave Lucas                                  | Sunshine Promotions      | Indianapolis         |
| Michael and Jules Belkin                    | Belkin Productions       | Ohio                 |
| Ron Delsener, Mitch Slater                  | Delsener/Slater Presents | New York City        |
| Don Law                                     | Don Law Company          | Boston               |
| Jack Boyle                                  | Cellar Door              | Carolinas & Virginia |

Table 1. Major concert promoters, their companies, and their markets.

versify their support services to the concert industry. Many of the promoters followed Bill Graham’s lead in establishing production companies, merchandising companies, tour management companies, artist management companies, and ticketing companies. These self-contained units supporting the promoter’s concert business worked in conjunction with one another, but were also capable of functioning independently as commercial opportunities arose.

### From Promoters to Venue Owners

Once popular artists reached a certain plateau in their careers, they were able to move on from smaller venues like the Fillmore East or the Fillmore West and were ready for shows in arenas, which were typically not licensed exclusively to promoters. Arenas were built for sports. While they may have had the requisite seating capacities to support the growth of the concert industry, they were not built for live music and the sound quality was often terrible. This meant that the promoters, if they were to continue working in their regions with the artists they had nurtured, needed to take the leap from concert promoters to venue owners.<sup>7</sup> The movement into live music venue ownership was most pronounced during what became known as the “Summer Shed Tour” era. By the mid 1980s, most

major regional concert promoters began building amphitheatres specifically to host “summer shed tours.”

In the mid-1980s, larger promoters like Cellar Door, PACE, and the Nederlander Organization began building and operating their own venues in what became the beginning of the amphitheater boom. Promoters, tired of watching arenas capture all the ancillary revenue from their own risk-taking, felt they needed to get into the real estate game themselves, and the amphitheater or shed could be built for a fraction of the cost of an arena (Waddell, Barnet, and Berry 2007, 112).

In making this leap, the concert promoters were encouraged by the agents, especially Frank Barsalona, who saw what the promoters were up against. “We’ve been advocating that promoters find their own outdoor venues for a long time. ...it makes a lot more sense for the local guy in the marketplace to own his own shed” (*Pollstar*, “Executive Profile: Frank Barsalona 1988” 2012). In Table 2, one can see the names of the major concert promoters who took Barsalona’s advice by building or acquiring summer sheds with state-of-the-art production facilities and within the right capacity range. As the “Year Built” column shows, the promoters were led by early adopters Avalon Attractions and then Bill Graham Presents. Note that most of the promoters aimed for a shed capacity of 16,000 to 24,000.

| Concert Promoter     | Summer Shed <sup>8</sup>    | Year Built or Acquired | Capacity |
|----------------------|-----------------------------|------------------------|----------|
| Bill Graham Presents | Shoreline Amphitheatre      | 1984                   | 22,000   |
|                      | Concord Pavilion            | 1987                   | 12,500   |
| Don Law Company      | Great Woods                 | 1986                   | 19,000   |
|                      | Harborlights Pavilion       | 1994                   | 5,500    |
| Cellar Door          | Virginia Beach Amphitheatre | 1991                   | 22,000   |
| Sunshine Promotions  | Deer Creek Amphitheatre     | 1989                   | 24,000   |
| Avalon Attractions   | Irvine Meadows              | 1981 <sup>9</sup>      | 16,085   |

Table 2. Major concert promoters and their summer sheds.

By acquiring these sheds, the concert promoters, their promotion companies, their real estate units, and whatever ancillary live music indus-

try operations they owned became attractive investment opportunities for people outside the music industry. This was a far cry from the early days when, as Frank Barsalona phrased it, “Booking rock acts in those days was like being in the armpit of show business” (*Pollstar*, “Executive Profile: Frank Barsalona 1988” 2012). The live music industry was about to transform into a very different business model.

### SFX and the Era of Centralization: 1996–2000

Robert F.X. Sillerman, and his broadcasting company SFX Entertainment, led the first major development in the centralization of the concert industry. SFX began to acquire regional concert promoters, focusing on those with substantial assets including:

- in-house promotion companies,
- ticketing companies,
- merchandise companies,
- production companies, and
- venues (either owned outright by the promoter or with long-term leases)<sup>10</sup>

At the time, this centralization trend in the live music industry was much lamented by many who saw it as another example of the “corporatization” of music and at odds with the earlier independent ethos. However, many of the generation of concert promoters who started in the 1960s and 1970s agreed to be bought out by SFX. In most cases, a significant part of the deal was that these regional promoters would remain in place with their staff, still working their markets, but now reporting to SFX. The interesting question is, why did SFX go on this buying spree in the first place? To some critics, SFX’s intent was to acquire all the concert promoters, put everything under one roof, and then sell the entire enterprise to a larger company. Those same critics questioned Sillerman’s love of music and the concert industry. Looking back at this contentious period, while testifying against the proposed Live Nation/Ticketmaster merger to the U.S. Senate Committee on the Judiciary in 2009, independent promoter Seth Hurwitz of I.M.P. saw these acquisitions in the following light:

A roll-up artist named Robert Sillerman got the idea that if he assembled all of these promoters under one compa-

ny—SFX—he could find someone to buy SFX under the auspices of controlling the concert industry. He bought as many of these cowboys up as he could, by paying them whatever it took to abandon their independence. (Hurwitz 2009)

If Mr. Sillerman’s plan was to eventually sell out to a larger organization, he must have been very confident of finding one with deep pockets. Table 3 details some of the major acquisitions made by SFX and the extraordinary amount of money spent in such a brief span of time.

| Company                  | Year Acquired by SFX | Purchase Price |
|--------------------------|----------------------|----------------|
| Sunshine Promotions      | 1996                 | \$55 million   |
| Delsener/Slater          | 1996                 | \$20 million   |
| Don Law Company          | 1996                 | \$90 million   |
| Contemporary Productions | 1997                 | \$91 million   |
| Bill Graham Presents     | 1997                 | \$65 million   |
| Pace Concerts            | 1997                 | \$165 million  |
| Avalon Attractions       | 1998                 | \$30 million   |
| Cellar Door              | 1998                 | \$105 million  |
| Belkin Productions       | 2001                 | \$25 million   |

Table 3. Major concert promoters and their acquisition by SFX.

After SFX made these acquisitions, it began to look for ways these properties could produce additional revenue streams, thus adding value. The natural place to look for examples of how to monetize a venue was the professional sports industry. First SFX sold multi-year licensed naming rights to its venues. Once in place, the revenue covered a significant percentage of the venue’s operating costs. Depending on the size of the venue and its market, the name-in-title sponsorships could generate revenue from hundreds of thousands up to millions of dollars. Next, SFX began installing corporate boxes, premium seats, and subscription seats to their existing venues, again following the model of the professional sports industry.

Although SFX was learning from the sports industry, its business

model was quite different. Sports teams and athletes do not get paid based on ticket sales; a musical artist does. So while SFX’s additional seats are included in the venue capacity, they are listed as unmanifested seats—the revenue from these seats does not appear in box office reports, nor does it get included in artist settlement. Those seats represent lost revenue to the artist. Using data aggregated from Live Nation venue sites, Table 4 shows the impact on the artist’s bottom line. The chart includes corporate boxes, premium seats, and subscription seats. Using an estimated average ticket price of US\$120, one can see that anywhere from \$50,000 to \$60,000 is potentially lost by the artist at each show.

| Venue <sup>11</sup>                                    | Number of Boxes | Total Number of Seats | Estimated Average Price Per Seat | Potential Average Unmanifested Seating Income Per Show |
|--|-----------------|-----------------------|----------------------------------|--|
| Xfinity Center (formerly Great Woods), Massachusetts   | 81              | 420                   | \$120.00                         | \$50,400   |
| Shoreline Amphitheatre, California                     | 109             | 530                   | \$120.00                         | \$63,600   |
| Klipsch (formerly Deer Creek), Indiana                 | 100             | 480                   | \$120.00                         | \$57,600   |
| Farm Bureau Live (formerly Virginia Beach)             | 72              | 410                   | \$120.00                         | \$49,200   |
| Concord Pavilion, California                           | 75              | 415                   | \$120.00                         | \$49,800   |
| Verizon Wireless (formerly Irvine Meadows), California | 100             | 480                   | \$120.00                         | \$57,600   |
| Verizon Wireless (formerly Riverport), Missouri        | 100             | 480                   | \$120.00                         | \$57,600   |

Table 4. Venues and their potential unmanifested seating income. Sources: See endnote 19 for relevant Live Nation venue sites.

The SFX era of rapid change in the live music industry not only affected the artist, it also had an impact on the average ticket price. Jerry Mickelson, Chairman and Executive Vice President of Jam Productions,

tied the rise in ticket prices to the structural changes initiated by SFX. “This new company was the beginning of an unprecedented increase in concert ticket prices” (Mickelson 2009). According to *Pollstar*, the average ticket price in 1996 was \$25; by 2000 it had risen to \$40.<sup>12</sup>

### Clear Channel Enters the Field: 2000–2005

On February 20, 2000 SFX announced the sale of its assets—including all the acquired promotion companies and venues—to Clear Channel Communications for \$4.4 billion. Robert Sillerman’s buying spree had come to an end. Seth Hurwitz said, “Sillerman made his money and hasn’t been heard from since, in our business.”<sup>13</sup> Like SFX, Clear Channel (re-branded as Clear Channel Entertainment) started as a broadcast company, with radio, television and billboard holdings. Also, like SFX, Clear Channel went on a buying spree in the early 2000s acquiring venues and buying major act tours. However, because of the massive expansion (through acquisitions) in both the broadcast industry and the concert promotion industry during this era, Clear Channel Communications spun off its concert promotion division, renaming it Live Nation, and also created separate divisions for its media holdings and its outdoor advertising business.

As part of its growth strategy, first Clear Channel and then Live Nation, established relationships with secondary ticket brokers like StubHub, which like its peers, buys premium seats directly from the promoter or venue, thereby decreasing the direct availability of good seats to patrons.

How big is the resale market? The second largest ticket seller behind Ticketmaster is StubHub, a reseller. Not only is the market large, so are the profits. The Madonna tour prompted the biggest resale ticket in 2008. Regular ticket prices for her shows went from about \$60 to \$350 per seat in most places. The average *resale* ticket was \$378. Ticket reselling sites either charge a commission of 15 percent or more, or simply pay the ticket holder an agreed price and retain the rest of themselves. (Hull, Hutchison, and Strasser 2011, 160-161)

The partnership between Live Nation and StubHub was very contentious and alienating to the artists and their fans. For the fans, the computerized buying of the house’s best seats left fewer for the general (and more

price-sensitive) fan. From the artist perspective, the additional revenue from the ticket mark-ups only benefited the secondary ticket broker; it was not calculated into the artist's percentage at settlement. While this example is not the only source of discord resulting from industry centralization, it does provide a segue to the next section: how should artist managers respond?

## The Artist Management Response

Given the seismic shifts in the live music industry over the period under discussion, and the resulting revenue implications for musical artists, it is important that artist managers possess the skills and knowledge to advocate effectively for their artists when negotiating with concert promoters and venues. In the pre-centralization era, artists and their managers had made great strides in establishing a balance of power between the artist and the promoter—both in regards to industry standard practices as well as negotiable areas. One example of how far things have come is encountered in the legendary Bill Graham's autobiography when he recalls the early days:

When I started there in 1968, we were still in an era where thank God the agent and the manager and the artist did not know that they could dictate who else should be on the show. So I was able to book the other acts the way I wanted to without being challenged about who else would be playing. (Graham and Greenfield 1992, 241)

With the centralization of the industry, one might predict an erosion in the power balance between the artist and the other stakeholders in the live music industry, especially when the concert promoter, the venue owner, and the ticketing agency are all under one roof. The artist and the manager may once again "...not know that they could dictate..." certain key terms and conditions to the promoter. It is important that current and future artist managers remember that the audience is buying tickets to see an artist, not a concert promoter or venue.

Although this paper examines four key artist manager responses, these are just four of many proactive steps artist managers can take in support of their artists. Negotiating from a position of strength is key. If a corporate promoter objects to negotiating the artist manager's documents,

there will always be an independent promoter willing to work hard and promote the show. With that in mind, this section focuses on:

1. conscientious and effective document crafting of contracts and negotiating offers;
2. managing the fans' ticketing, sponsorship, and merchandise experiences;
3. creating "package deals" and fan experiences; and
4. implementing paperless ticketing systems

## Artist Management Response 1: Document Crafting Negotiating the Deal Point Memo

If artist managers are to best serve their artists, they need to reexamine the potentialities of deal point memos (DPM). The DPM should include all of the non-negotiable points in the artist rider before the promoter submits an offer to the artist's agent. The deal point memo is constructed by artist management and issued by the artist's agent to the prospective promoter who, if the deal is to proceed, must sign off on all the terms before submitting an offer. In preparing the DPM, the artist manager should require the following:

- disclosure of the number of corporate boxes and subscription seats,
- disclosure of ticketing fees,
- disclosure of venue sponsorships and signage issues, and
- disclosure of merchandise rates

By getting these disclosures, the artist manager has the best information available to move forward. This information allows artists to have more control over the types of venues in which they play and the types of deals and guarantees they receive. Additionally, these disclosures allow artists to have control over any conflicting sponsorships or vendor relationships that they may not, or cannot, be associated with, while also allowing artists to have control over ticket prices and merchandise rates.

### Specifics of the Rider

The artist manager should ensure that the rider is very specific about what is acceptable for the artist's show. Using the information in the deal

point memo, the rider could include the following targeted clauses (if relevant to the specific event).

- All Occupied Seats Deemed Sold – this provision obligates the concert promoter to compensate the artist for all seats in the house, including corporate box and subscription seats.
- Incidental Sales – this provision requires the negotiated rates for various merchandise categories, including t-shirts, CDs, etc. Established artists have control over these rates and the artist manager needs to assert this control. Although a venue might claim it has to be the one to sell the artist’s merchandise, if the artist already has a merchandise person on tour, then those personnel costs, including per diems, represents money wasted.
- Stage Announcements – The artist manager should have control over who, why, and when announcements are made from the stage. It is very important for the artist that while the promoter (or a co-promoter like a radio station) may need to make announcements from the stage, the timing and the content of those announcements should not detract from the ambiance and the connection the artist establishes with the audience.
- Venue Signage – the artist manager needs to establish the artist’s control over where in the venue any signage specific to the venue, its sponsors, or its upcoming shows, may be hung. For example, while the lobby or the concession areas might be fine for signage, the artist manager should insist no signage be hung on stage or in the audience area. And lastly,
- Commercial or Corporate Sponsorship – the artist manager will need to determine if the venue has any commercial or corporate sponsorships that conflict with the artist’s sponsorships or with the artist’s moral, social, or political values. If there are, the artist manager must negotiate to have them removed.

## Artist Management Response 2: Managing the Ticketing, Sponsorships and Merchandising

By being creative, and selecting their own tour sponsors to offset costs, artists can control ticket price, sponsors, parking, and more. In 2013, during his Best Night Ever Tour, Kid Rock and his management team used a variety of approaches to maintain cost-effective fan outreach and en-

agement. He used a three-pronged approach—ticketing, sponsorships, and merchandise—to achieve his goals.<sup>14</sup> Regarding ticketing, he required:

- that tickets be sold through Walmart;
- that tickets retail for twenty dollars across the board—and with no additional fees;
- that the first two rows be reserved for fans, chosen at random, as free upgrades from their twenty-dollar tickets; and
- he offered 1,000 sixty-dollar “platinum” tickets for highly motivated, less price sensitive fans, essentially scalping his own tickets. When fans purchased their twenty-dollar tickets, either through Walmart or on his own website, they had the option to request the “platinum” upgrade.

Kid Rock’s next approach was to select the sponsors whose presence and products would be associated with his tour. Given his audience and his brand, his sponsors included Jim Beam bourbon whiskey and its associated products, and Harley-Davidson motorcycles and related gear. The featured food vendor, Jimmy John’s Gourmet Sandwiches, sold discounted menu selections and provided free coffee at the end of the show. Kid Rock’s team also brought in their own “Badass American Lager” as the featured beer vendor, selling four-dollar drafts, and retaining 100% of the profits. And lastly, concertgoers were able to purchase discounted artist and tour merchandise.

### Artist Management Response 3: Selling VIP Experiences

Artist managers, particularly of pop acts with primarily younger fans, maximize live music revenue by selling VIP packages, which in effect scalp their own tickets directly to fans thereby eliminating the secondary ticket broker. Acts like One Direction, Miley Cyrus, and Taylor Swift will take the most expensive seats in the house, the first ten to twenty rows, and package them as “meet-and-greets” available for purchase only through the artist. Consider this recent example involving Miley Cyrus.<sup>15</sup>

The face value of Miley Cyrus tickets can reach \$107. However, it is likely that secondary ticket vendors like StubHub would sell those same tickets for considerably more. Recognizing there are fans with both the means and the motivation to pay more than the highest ticket’s face value in exchange for added value, Ms. Cyrus’ management team put together a

### \$995 VIP Package:

1. One reserved seat along the catwalk
2. Individual photo op with Miley Cyrus
3. Pre-show drinks and snacks in the Bangerz Ballroom
4. Exclusive Miley Cyrus gift bag
5. VIP laminate and commemorative ticket
6. Crowd-Free Merchandise shopping
7. On-site VIP host
8. Parking

By offering such interaction with the artist and the artist's brand, Cyrus' management team effectively competed against StubHub and other secondary ticket brokers by offering considerably more value for the dollar.

### Artist Management Response 4: Paperless Tickets

One of the most intriguing developments in the concert industry over the past few years has been the advent of paperless tickets; however, there still remains technical issues and inefficiencies because there is no industry standard system. This can be problematic for secondary ticketing agencies that purchase large blocks of tickets before they are made available to the general public; buying and reselling paper tickets at a surcharge is easy—doing the same with electronic tickets is more challenging. By insisting on using paperless ticketing, artists are able to ensure that more tickets are available to the fans at face value. It is interesting to compare data from Bruce Springsteen's 2012 tour.<sup>16</sup> Springsteen required that 50% of the tickets for the Izod Center in East Rutherford, New Jersey (capacity 20,049) be paperless. This ultimately resulted in only 131 tickets per show going through StubHub. In contrast, there was no paperless ticketing at his Madison Square Garden shows (capacity 18,200). This enabled StubHub to acquire 355 tickets per show.

By using a paperless ticket system, artists and their management teams deny secondary ticket brokers the ability to buy tickets at face value and resell them at extreme markups. Since this is a new system, the technology is still developing and many flaws exist, causing frustration for some fans. In most cases paperless tickets are non-transferrable, and in all cases fans must present an identification card and the debit or credit card used to purchase the ticket in order to enter the venue. Miley Cyrus,

in 2009, was the first to try paperless ticketing at the arena level. Tickets were available through Ticketmaster and could only be transferred using Ticketmaster's Ticket Transfer service; transferring incurred a twenty percent surcharge.<sup>17</sup>

Perhaps one of the more dramatic displays of the efficacy of paperless tickets (in this case a non-Ticketmaster example) was Bob Dylan's 2010 show at the Warfield, in San Francisco presented by Goldenvoice.<sup>18</sup> The 8 p.m. show was announced only one week in advance. Beginning at 5:30 p.m. on the day of the show, tickets went on sale for sixty dollars (first-come/first-served, no ticket fees, and cash only—no credit cards). The box office allowed only one ticket per person and once purchased, the buyer had to enter the venue immediately. The 2,300-seat theater sold out, resulting in a \$138,000 gross.

### New Artist Development and Longevity

In 1996, the consolidation of the live music industry began in earnest through the acquisitions of SFX and continued under both Clear Channel and Live Nation. In moving, perhaps inexorably, towards this consolidation, the symbiotic relationship between the concert promoter, the talent agent,<sup>19</sup> and the artist manager was essentially compromised. When local promoters competed, actively working to bring artists to their markets, they worked to maintain a relationship of support and trust with artists and their management teams. In return for this commitment, artists were more likely to allow the concert promoter to promote the artist's next show in their market.<sup>20</sup> This, however, has changed, certainly at the highest grossing levels of the live music industry. While Live Nation maintains venues of differing sizes in its major markets, the real money is made with the big acts in the big venues, leaving scant attention, and even less nurturing, for independent or emerging artists. In looking at the top-twenty grossing North American tours, *Pollstar's*<sup>21</sup> list is dominated by long-established artists from the 1960s through the 1990s including The Rolling Stones, Paul McCartney, Elton John, The Eagles, Dave Matthews Band, Celine Dion, George Strait, etc., leaving few spots for artists who broke in the 2000s. Because of this centralized approach to live entertainment, independent promoters will find it increasingly difficult to stay competitive, and with the weakening of independent promoters, artists themselves will lose a valuable member of their support teams.

So my question and challenge is: When those young promoters pop up, working with young artists and building them to say 5,000-seat rooms, what happens when that big offer comes in from AEG or Live Nation for \$500,000 that they can't compete with? Are you going to just let that guy lose his relationship?... We need to grow those [promoter] careers again, that is what I think that last 10 years of corporatization of the rock business has done to keep everyone not focused on growing the business. [Tom Ross] (Speer 2011)

With the loss of the local promoter's contributions to an artist's development, the artist manager has become the artist's sole support system and, "The old days of promoter and agent meetings, managers' conferences, the protection of each of those areas is no longer being practiced" [Ross] (Speer 2011). The industry very well may be the weaker for it, as the untested and untried artists who represent the future remain in the wings while the industry remains dependent on heritage acts for lucrative tours.

## Conclusion

The goal of this paper was two-fold: to look at the changes to the concert industry's business model and to remind artists and artist managers that, although the industry is very different from its early days, the gains made by artists cannot and should not be abandoned in the face of the new, centralized reality. The working relationships between the artist, the manager, the booking agent, the concert promoter, the ticketing agency, and the venue have been considerably reshuffled, and the artist and the manager are many times now working with a single entity representing the other concert promotion stakeholders. Given the amount of time, money, and personnel that Live Nation and AEG have invested in building the new concert industry, artists and artist managers must remember that, while the new industry is a reality, without the music and the fans, the whole structure is untenable. The artist and the artist manager still have significant negotiating power in this new world.

## Endnotes

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1. See *This Business of Concert Promotion and Touring*, Chapter 9 “Types of Talent Buyers” (111-113), by Waddell, Barnet, and Berry for a fuller description of this era.
2. “Barsalona took music seriously, unlike most of the agencies of the day that preferred to focus on film and television bookings, relegating music to fledgling personal appearance departments. Rock music was regarded with even more disdain by the major agencies. When Barsalona jumped ship and formed Premier, he not only rescued rock performers from the personal appearances ghetto, he developed an entire network of young promoters who, like himself, were passionate about new music and eager to develop and present emerging talent. Much of that talent now makes up rock ‘n’ roll royalty, and the promoters formed the backbone of a national—and now, dominant—industry.” (Speer, *Frank Barsalona Dies* 2012).
3. (Goodman 1997, 28).
4. “Payment for personal appearances can take several forms, with multiple variations within each method. Typical forms include that flat fee, straight percentage, flat fee against a percentage, or flat fees plus percent. The flat fee is a guaranteed set amount, which is not dependent on ticket sales, prices, or any other factor. Payment is usually made by cash or certified check and maybe made in installments—a proportion paid upon confirmation of the engagement (usually held again by the artist agent if involved) and in balance upon performance. ...Percentage compensation is generally based upon admissions revenue, excluding tax. The percentage can be applied to all revenue or to revenue in excess of certain delineated costs incurred by the talent buyer. For example, a performer appearing at a music club may receive 85 percent of all admissions revenue in excess of the cost of lighting, sound system, and security. Since the amount the performer will receive is unknown until revenue is calculated on the night of performance, payment is generally made in cash... The promoter profit is frequently calculated as 15 percent of promoter’s breakeven point for the presentation of the event, other than the amount paid to the artist as a guarantee.” (Leavens 2013, 142-143). Also, per Donald Passman: “The usual split is from 90/10 to 85/15, meaning the artist gets 90% (or 85%)

of the net profits the show, and promoter gets 10% to 15%. Superstars push promoters for even further (e.g., 92.5/7.5 or even 95/5) but that takes a *lot* of clout and it only kicks in after the promoter has gotten back all of their money. For example, there may be a 90/10 split until the promoter breaks even, then 92.5/7.5 to a certain level above break-even, and then 95/5 after that.” (376).

5. “Peter [Grant, manager of Led Zeppelin,] insisted on a much higher percentage of the profits for his band, forever changing the economics of the touring business. The biggest rock attractions, such as Grand Funk Railroad, were getting about 50 percent of the gross, which usually amounted to around 75 percent of the net profits. (And promoters often fudged on expenses taken off the top.) Grant insisted that Zeppelin receive 90 percent of the net profits and insisted on personally approving any expenses. ...Soon, every major headliner demanded and received a 90/10 deal.” (Goldberg 2008, 64).
6. “While many promoters started as club owners, as bands grew in popularity, these promoters established relationships with larger venues, including civic centers, auditoriums, arenas, and stadiums.” (Waddell, Barnett, and Berry 2007, 112 ).
7. “...If you don’t have control of a building, sooner or later, they’ll bring somebody else in who’ll work your market for less. Or they might just offer a flat fee. If you don’t own the facility, you have to accept that or give it to somebody else. It gives you some leeway, but it’s also a tremendous risk.” (*Pollstar*, “Executive Profile: Bill Graham 1989” 2011).
8. Sources for Venues: Xfinity Center. “Live Nation,” <http://www.livenation.com/venues/14479/xfinity-center>; Shoreline Amphitheatre. “Shoreline Amphitheatre,” <http://www.theshorelineamphitheatre.com/>; Klipsch Music Center (2012, June 19). “Klipsch Music Center,” <http://www.klipschmusiccenter.org/>; Farm Bureau Live at Virginia Beach. “Live Nation,” <http://www.livenation.com/venues/14474/farm-bureau-live-at-virginia-beach>; Concord Pavilion (Formerly Sleep Train Pavilion). “Live Nation,” <http://www.livenation.com/venues/14806/concord-pavilion-formerly-sleep-train-pavilion>; Verizon Wireless Amphitheater (Irvine). “Live Nation,” <http://www.livenation.com/venues/14469/verizon-wireless-amphitheater-irvine>; Verizon Wireless (MO) Verizon Wireless

- Amphitheater St. Louis. "Live Nation," <http://www.livenation.com/venues/14396/verizon-wireless-amphitheater-st-louis>.
9. Irvine Meadows was built by Avalon Attractions in 1980 and opened in 1981.
  10. "In the late 1990s, as all types of businesses including music business began to consolidate, radio entrepreneur Robert F.X. Sillerman began, quietly at first, buying up regional concert promoters. In most cases, the promoters he targeted had some sort of venue commodity, either owning amphitheaters or long-term exclusive booking deals at other venues." (Waddell, Barnet, and Berry 2007, 113).
  11. See endnote 8 for venue information sources.
  12. Per *Pollstar*, as reported in the *Wall Street Journal*. (Karp 2013).
  13. That may have been true in 2009, but by 2012 things had changed: "Robert Sillerman may be quietly finding his way back into music promotion: The former leader of SFX, the rollup that eventually turned into Live Nation, is interested in investing in electronic dance music, according to a recent article in the *New York Times*." April 05, 2012 (*Pollstar* 2012).
  14. "Kid Rock," <http://www.pollstarpro.com/NewsContent.aspx?&cat=3&ArticleID=25785> Tuttle, Brad (2013, June 26); "Kid Rock's \$20 Concert Ticket Plan: Good for Fans, Bad for Scalpers," *Time*, <http://business.time.com/2013/06/26/kid-rocks-20-concert-ticket-plan-good-for-fans-bad-for-scalpers>.
  15. "Miley Cyrus Meet and Greet Package." *Miley Cyrus Tour*. <http://miley-tour.com/post/66735886676/miley-cyrus-meet-and-greet-package-995-miley>.
  16. Rob Golum, "Live Nation Wields 'The Boss' in Stub Hub Ticket Battle," *Bloomberg*, (March 2, 2012), <http://www.bloomberg.com/news/2012-03-02/live-nation-wields-the-boss-against-stubhub-in-paperless-ticket-battle.html>.
  17. "Paperless Ticket Twists," *Pollstar Pro*, (October 12, 2009), <http://www.pollstarpro.com/NewsContent.aspx?&cat=3&ArticleID=13944>.
  18. Aidin Vaziri, "Bob Dylan's No-Ticket Show No Sell-Out," *SFGate*, (August 26, 2010), <http://blog.sfgate.com/culture/2010/08/26/bob-dylans-no-ticket-show-no-sell-out/f>.
  19. As an example of the tight working relationships between pro-

motors and agents: “Bill calls me up and he said, I can’t take the business any more. It’s not the same business I got into...Bill said, ‘I don’t think this business is good for another two years. I want to get out before it goes down the tubes. I want out.’ I said, ‘Bill, you’re wrong. It’s only going to get bigger. From here, if you go to the arenas and from the arenas, it will probably go to the stadiums’...My thing to him was, ‘I’ll bring in another promoter. Once I do that, Bill, I would give you one month to change your mind.’ I was going to start working with other people and everything that he had done would be washed out. ‘Okay?’ I said. He said, ‘That’s fair. Absolutely.’” [Frank Barcelona interview] (Graham and Greenfield 1992, 333)

20. “The acts would say, ‘We must play for Bill Graham. Last time we played for Bill Graham, we got two billiard tables, three dartboards, 15 palm trees, all from Bill’s own company, and three leather couches, all also from his own company. Fourteen security guys. The offer of a security guy in our hotel as well. We want to play for Bill.’ So you played for 50 percent as opposed to 60 percent. Bill got onto that so very quickly and he didn’t ever think that people really knew what he was doing. But it didn’t matter with the acts. It was very hard to convince the acts not to play for Bill Graham...” [Peter Rudge interview] (Graham and Greenfield 1992, 323)
21. “Pollstar Year End Business Analysis,” *Pollstar Pro*, <http://www.pollstarpro.com/files/charts2013/2013YearEndBusinessAnalysis.pdf>.

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