

Management of live performances: music festivals



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EVROPSKÁ UNIE
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Content

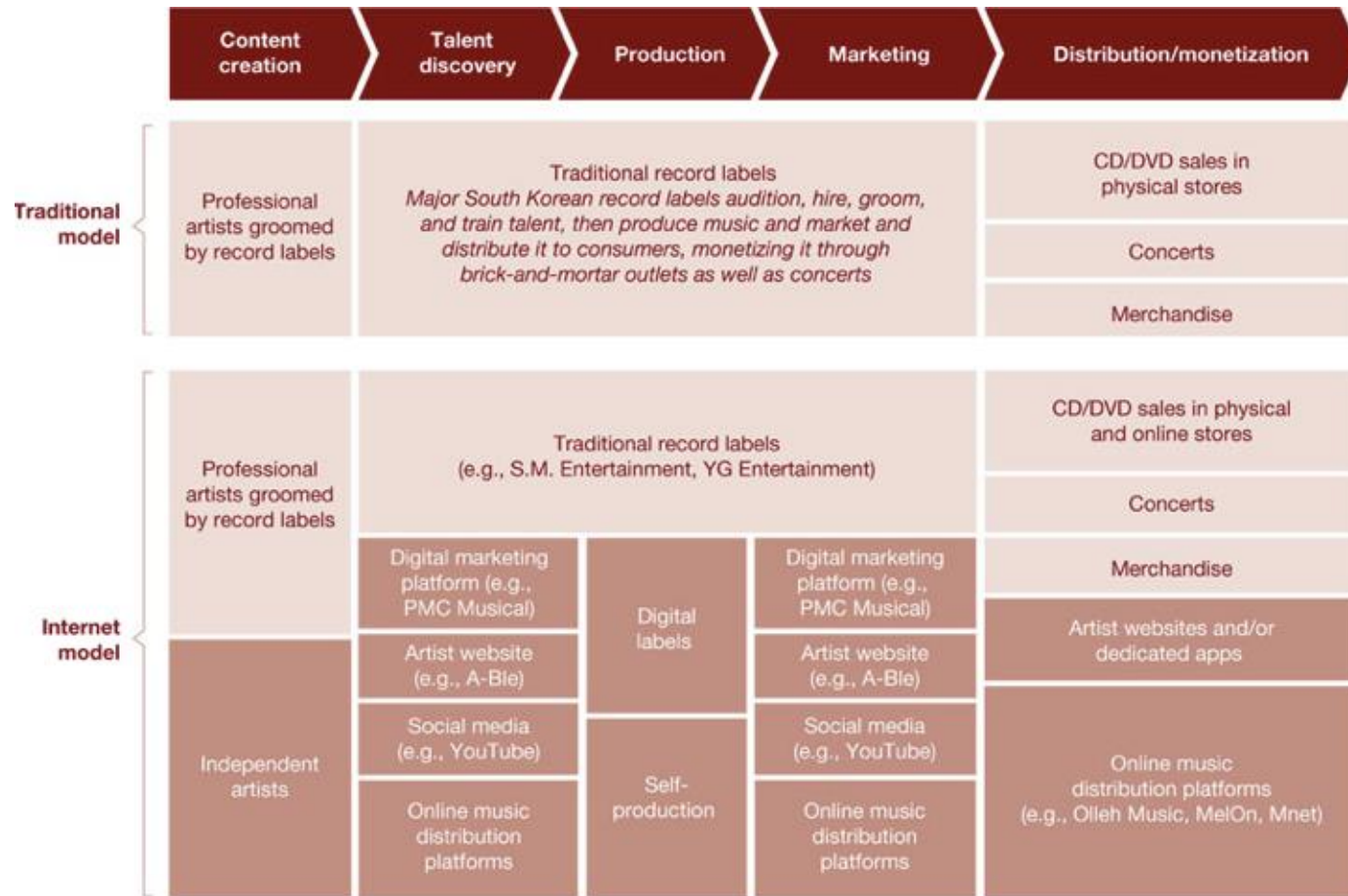
- New distribution models
- Music festivals in general
- Management of music festivals

Music industry: change of distribution model

Music industry: paradigm shift

- Before: traditional labels (gatekeepers)
- New distributors (Apple Itunes, Google Music, Spotify, Amazon)
- Independent platforms for music distribution (bandspace, bandcamp, Soundcloud) → direct distribution

Music Industry: Distribution model



Source: Interviews with large and medium-sized record labels; Strategy& analysis
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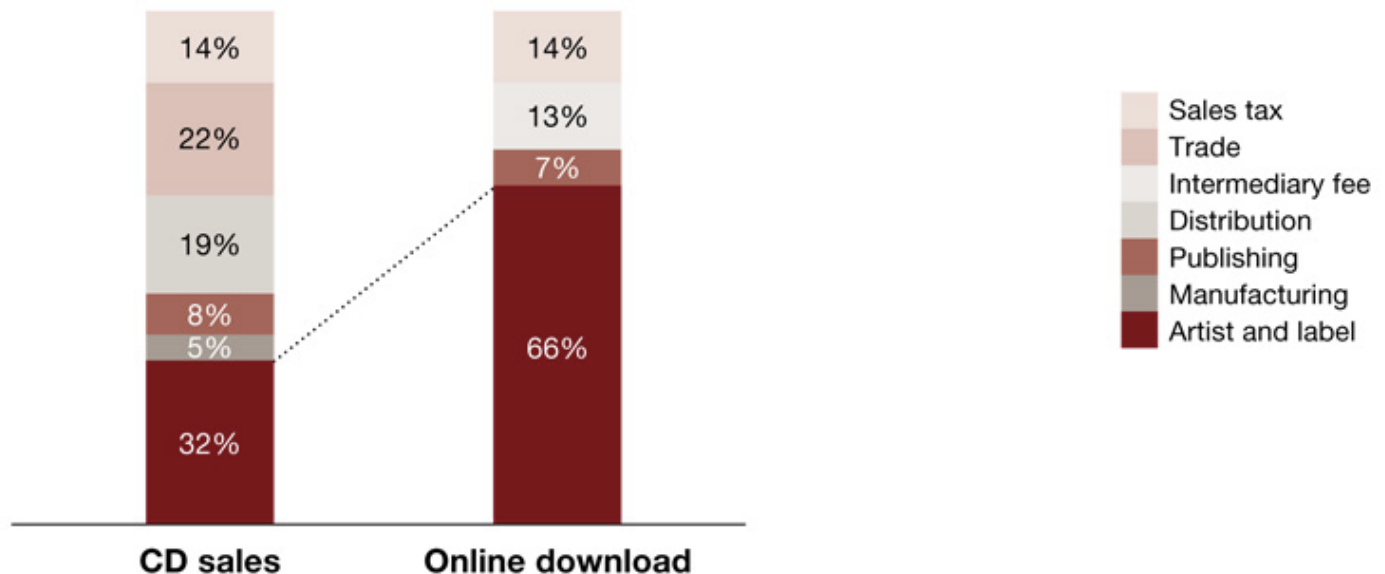
Traditional process
Online process

Music Industry: Distribution model

Exhibit 5

Profit redistribution in the music business

Profit distribution of physical sale vs. online download (% of sales price)



Source: "The digital future of creative Europe" (Strategy& white paper, 2013)
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Music festival

Classroom discussion

Name some examples of festivals?

Festival Examples

Rio Carnival

- Venice Canivatl
- White nights of St. Petersburg
- Harbin Ice and Snow Sculpture festival
- Burning Man
- La Tomatina
- Oktoberfest
- Art Basel
- BBC Proms

• Edinburgh Fringe

- CTM
- Sundance
- Cannes
- Berlinale

• European Capitol of Culture

• Expo

Selective history of music festivals

1724: Three Choirs Festival Gloucester, Hereford a Worcester

1876: Bayreuther Festspiele

1920: Salzburger Festspiele

1946: Prague Spring

1969: Woodstock

1986: Burning Man

1994: Czechtek

2002: Colours of Ostrava

Etymology

Latin **Festivus** = happy, joyfull

Festum = feast, celebration

Festival dai (medieval English) = religious holiday

Religious festival

Greek celebration on Island Delos

✂ Religious holidays

✂ Ceremonies, rituals

✂ Feasts celebrating local saints

Festival Taxonomy (Paleo & Wijnberg)

- Character
- Purpose
- Range
- Format
- Degree of Institutionalization
- Degree of Innovativeness
- Scope

Character	Competitive	Non-competitive
Purpose	For-profit	Not-for-profit
Range	Wide	Focused
Format	One-track Non-ranking Aural goods only	Multiveneue Ranking Multidisciplinary
Degree of institutionalization	High	Low
Degree of innovativeness	High	Not innovative, mainstream
Scope	National	International

Source: Paleo & Wijnberg

Impact / Benefits

Positive

- ✂ Economical impact (tourism, consumption, retailing)
- ✂ Social impact (local community, inclusion of excluded minorities)
- ✂ Urban regeneration (towns, heritage sites)

Negative

- ✂ environmental
- ✂ Local communities

Classroom discussion

Why some many festivals exists?

Reason for being?

Market Context in the Music Industry

The Music industry has rapidly shifted toward LIVE...

In the early 2,000's, artist stopped selling anymore Disk/CD's.

90%

Artist's yearly revenue accounted for live performances

The numbers of concerts and music festivals exploded in the last 5 years!

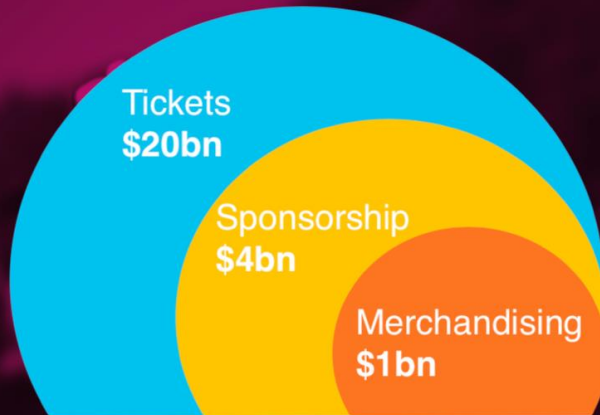


Source: Festicket music festival study 2019

Festival market size

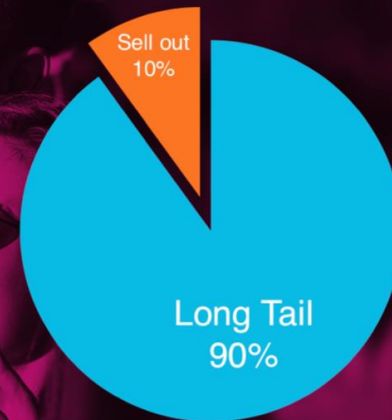
320m music fans go to festivals around the globe each year, with continued growth in the \$25B live music market fuelled by millennials experiences culture

2018 Global Live Music Market



\$20bn initial TAM

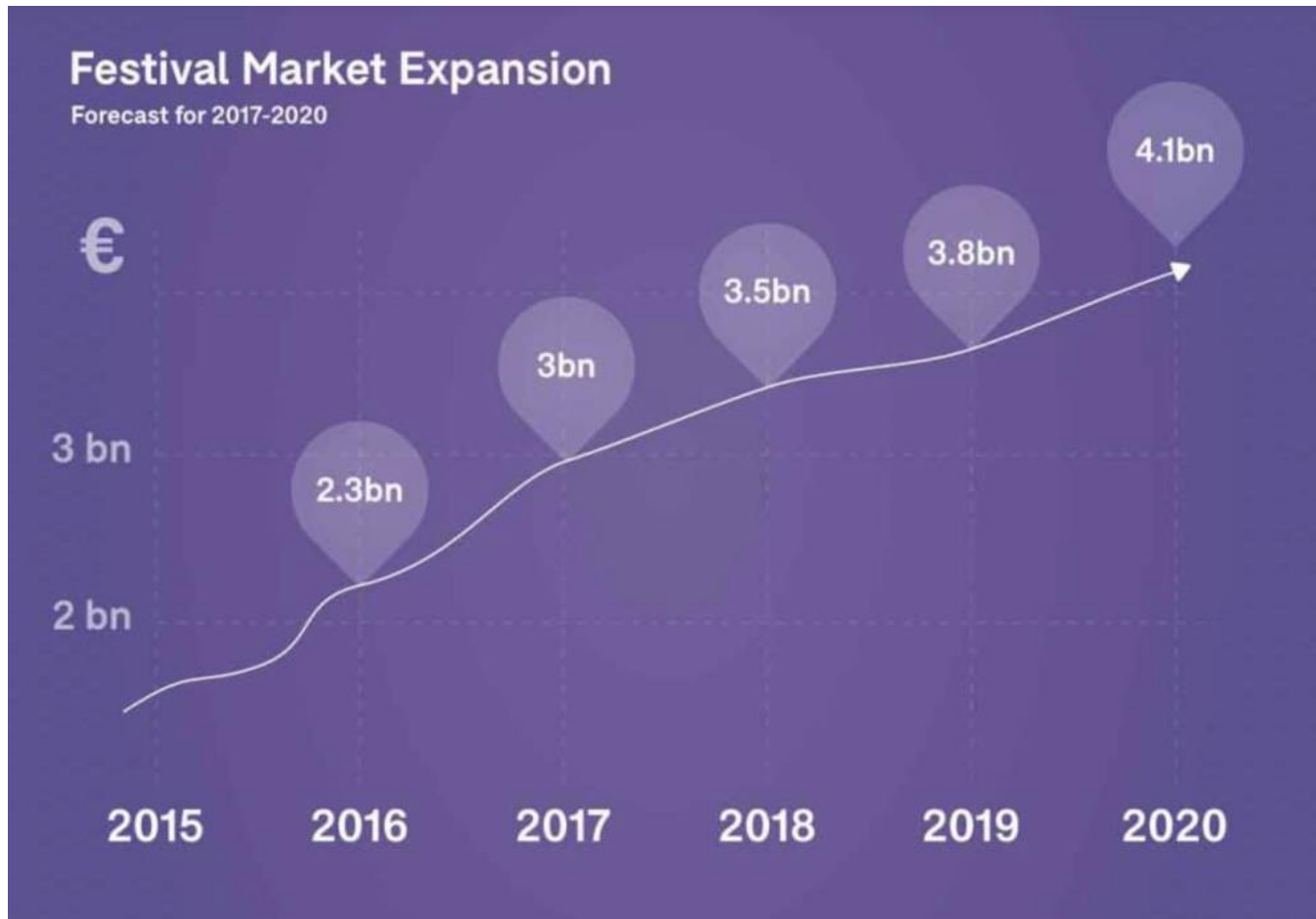
90% Music Festivals don't sell out



Old school promoters need help to reach fans online

Source: Festicket music festival study 2019

Festival market size development



Source: Festicket music festival study 2019

Reason for being?

- Supply vs. demand
- Festival as a response to Baumol's cost disease

Demand for festivals (B. Frey)

- Increase in real visitor income (post-war welfare and leisure)
- New visitors
- Profiling of festivals
- Lower cost of participation + lower cost of travel
- Easily accessible
- Financial interests of groups (music industry, travel industry, sponsors)
- Politicians seeking popularity ("politicians as patrons of the arts")

Supply of festivals (B. Frey)

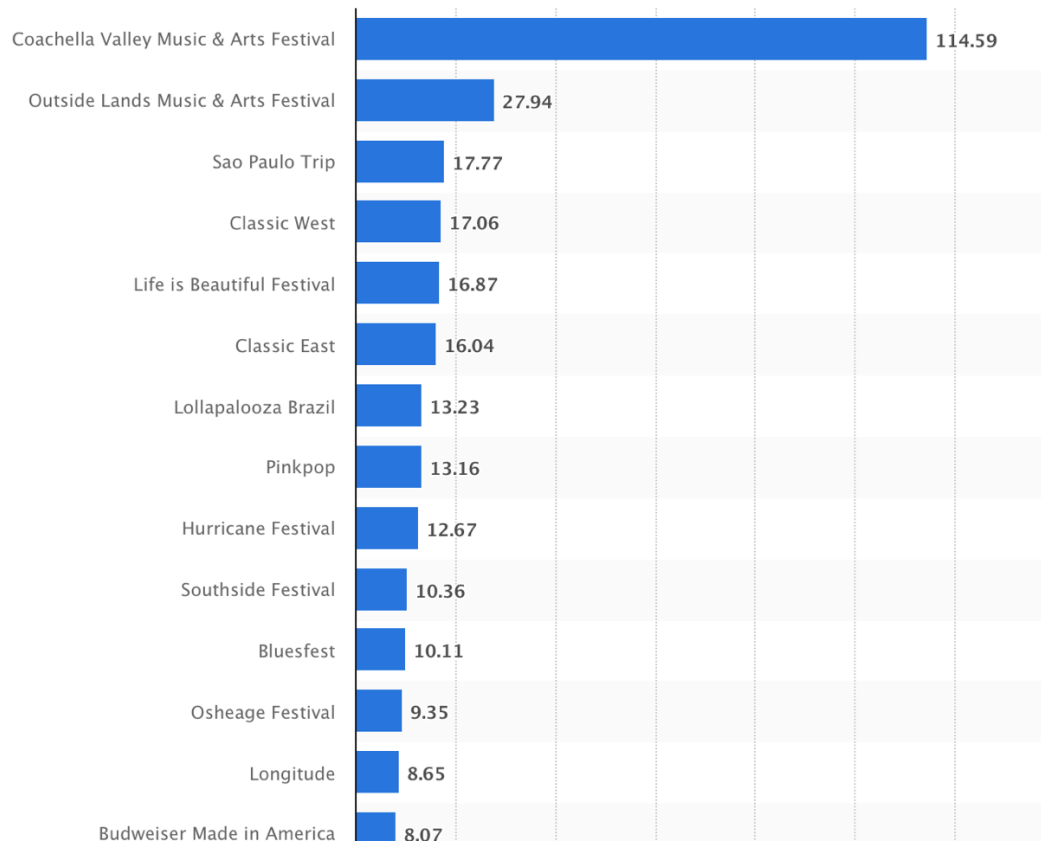
- Lower staff/employee costs (festival staff usually have a different income)
- Lower cost of locations (institutions or venues not being used or use of available technology)
- Avoidance of obstacles from public institutions (festivals organised by private institutions, easier budget administration)
- Flexibility (large music institutions lose flexibility, festivals offer a modern programme)

Most visited music festivals

Country	Name	Amount of visitors
Austria	Donauinsel Fest	3 mil.
Morocco	Mavazine	2 mil
USA	Summerfest	850 thousands
UK	Glastonbury	200 thousands /day
Brasil	Rock in Rio	700 thousands.
USA	Coachella	600 thousands
Hungary	Sziget	500 thousands.

Highest grossing music festivals worldwide

Highest grossing festivals worldwide in 2017 (in millic)



Music festival management

Classroom discussion

How will you organize music festival?

Assets of music festival

 Concept

 Programing (Product)

 Location

 Marketing + PR

 Finance

 Technical and AV Production

 Legal

 Team

Concept

1. Expectations
2. Focus
3. Audience
4. Timing
5. Resources – funding, people, etc
6. Evaluation

Classroom discussion

What is the key selling point of music festival?

Product



Programming

Creation of artistic programme (first theatre, then music)

- 1920s: setting up concert programmes and series

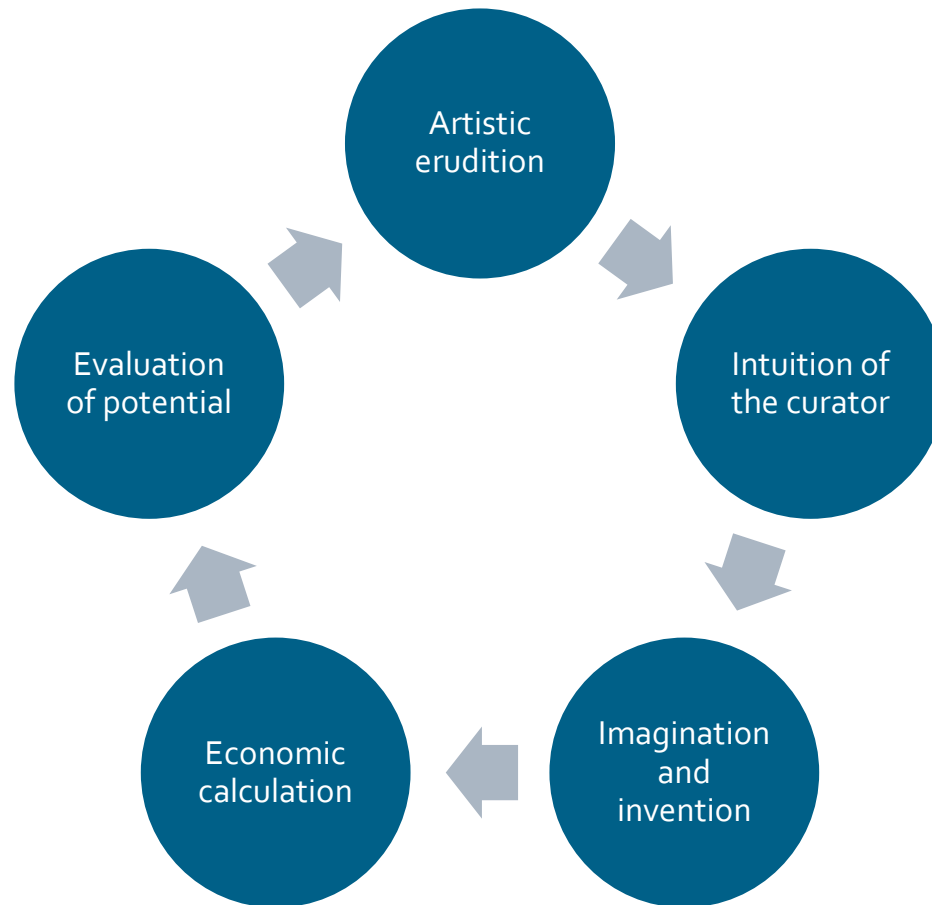
Programming types

a. Programming (radio and TV)

b. Creation of a series of individual events related in time and content (festival)

c. Activity of the dramaturge leading to the creation of the programme

Programming



Location / venue

- Interior
- exterior

- Site specific
- Stadium
- concert halls
- heritage buildings
- Industrial sites

Location / venue

Acoustics of the space

- natural acoustics
 - sound system
 - reverberation
 - reproduced music
 - playback
-
- Background problem
 - **Comfort for the audience**

Dream location?



Source: Festicket music festival study 2019

Production – key areas

Outsourcing

Rider - AV, hospitality

Technology (stage, stage, social facilities)

AV

Security

Artist / Guest service

Catering

ROZPOČET + CENOTVORBA

Production



BUDGET

**TICKET
PRICE**

Ticket price



Source: Festicket music festival study 2019

Funding

Income / revenue

- Subsidies – State, local
- Funds, inter. foundations
- Admission/tickets
- Merchandise
- Catering
- Corporate sponsors
- Small sponsors
- Individual donors

Funding

Expenses/Cost

- Artists
- Location rentals
- Technology (sound, light)
- Staff
- Ticketing fee
- Levies (IP, taxes, VAT)

marketing & PR

PR

- Media partnership
- Content

Advertising

- Outdoor
- Cinema
- Print
- rádio
- online

Social media

- FB
- Instagram
- Soundcloud,
Spotify

Mailing

merchandising

Design

- print
- Web

Legal

✂ Contracts with artists

✂ Contracts with venues

✂ Contracts with suppliers

✂ Contracts with sponsors

✂ Contracts with subsidy providers

✂ Labour contracts

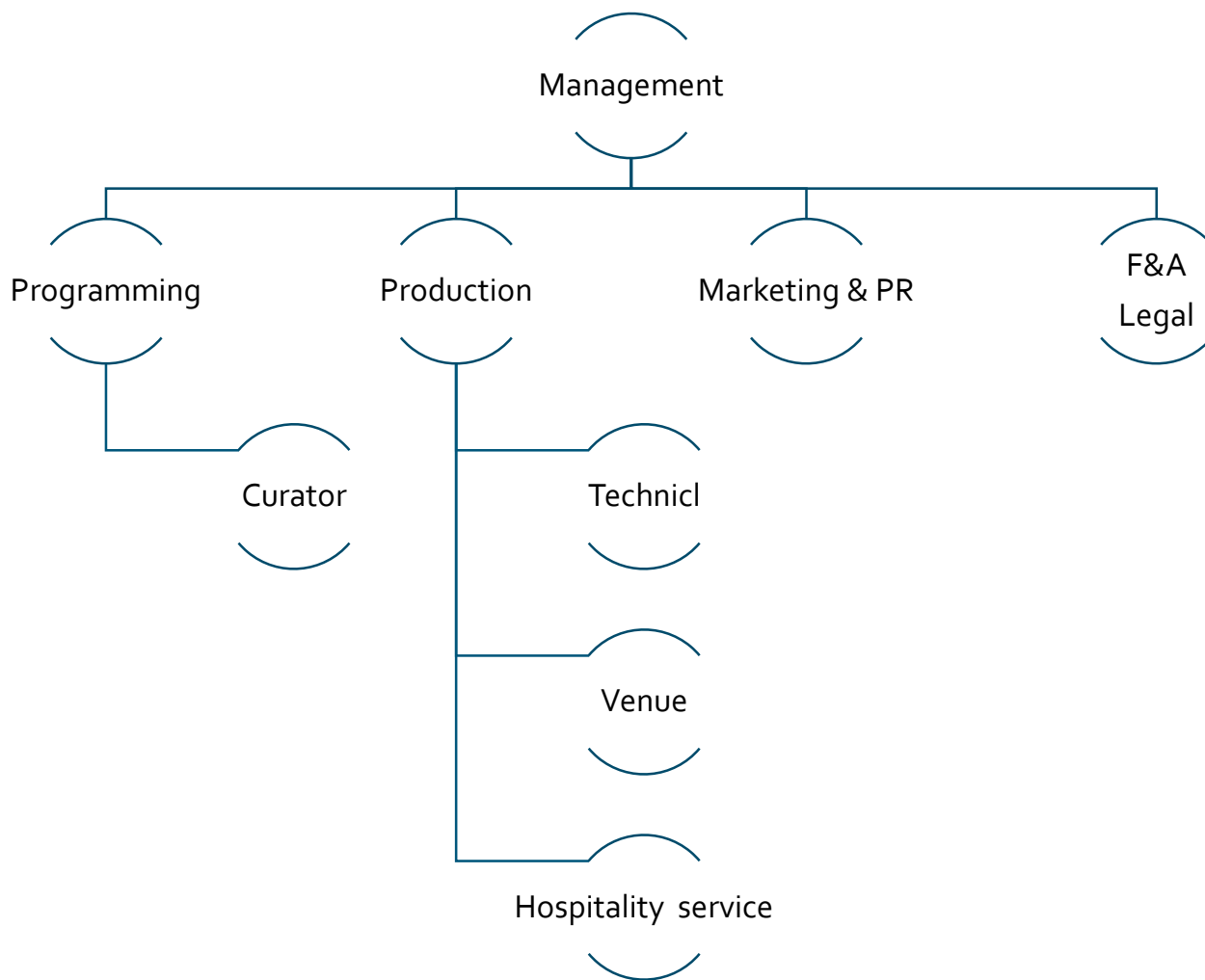
✂ Levies

✂ Withholding tax

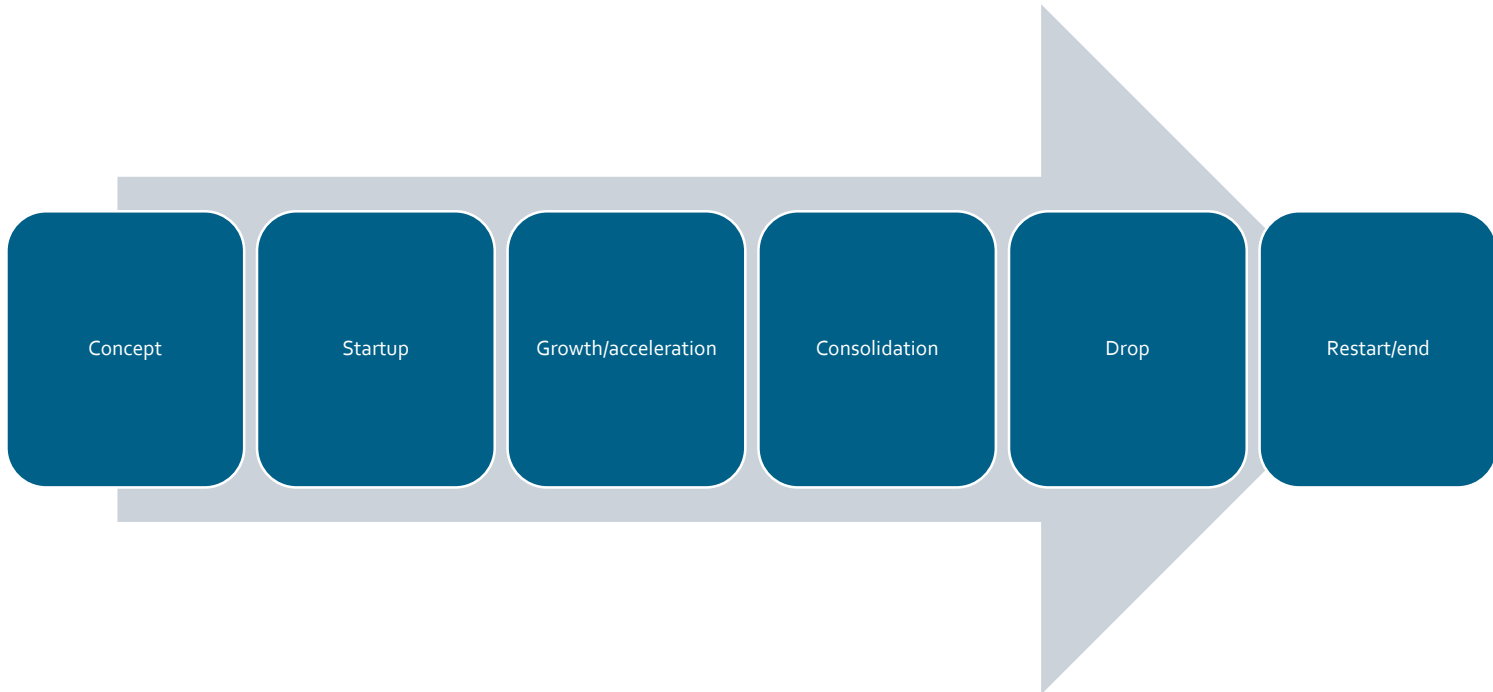
✂ Municipal taxes

✂ IP

HR



Life cycle



Examples of music festival budgets

Bayreuther Festspiele budget – 23 mio EUR

GESAMTETAT

Gesamtetat 2017: rd. 23 Mio Euro (ohne Sanierungskosten)

Zuschüsse der Öffentlichen Hand:

Bundesrepublik Deutschland rd. 2,7 Mio Euro

Freistaat Bayern rd. 2,7 Mio Euro

Stadt Bayreuth rd. 1,2 Mio Euro

Bezirk Oberfranken 413.000 Euro (als freiwillige Leistung)

Zuschuss der Gesellschaft der Freunde von Bayreuth e.V. rd. 2,7 Mio Euro

Zuschüsse insgesamt: rd. 9,7 Mio Euro

Vom Gesamtetat machen die Zuschüsse einen Anteil von rd. 42,23 % aus, die der Öffentlichen Hand von rd. 30,49 %.

Weiterführende Informationen unter www.bundesanzeiger.de



Salzburg Festival budget – 43 mio EUR

Wirtschaftliche Eckdaten 2016

Spieltage	41
Anzahl der Spielstätten	14
Anzahl der Veranstaltungen	192
Oper	41
Konzertante Opernaufführungen	6
Konzert	81
Schauspiel	45
Kinderprogrammaufführungen	19
Sonderveranstaltungen	57
General-Einlassproben	16
Gesamtbesuchszahl	259.018
Anzahl der Länder	81
Davon außereuropäische Länder	41
Platzauslastung	96%
Kartengeldeinnahmen	27.061.974,29 €
Akkreditierte Journalisten	677
Anzahl der Länder	81
Summe der Zuwendungen der öffentlichen Hand und des TFF, davon	16.016.000 €
Bund	40%
Land	20%
Stadt	20%
Tourismusförderungsfonds	20%

SALZBURG FESTIVAL: ECONOMIC ENGINE, EXCELLENCE INFUSION FOR THE LOCATION

The results in brief:
183 million Euro value creation

- The Salzburg festival directly and indirectly creates value to the sum of 183 million Euro in Salzburg 215 million Euro in Austria. This study differs from prior studies which described a cumulative sales effect. Value creation orientation and the applied econometric model allow the calculation of income effects, sector effects and the increased consideration of taxes and social security contributions.
- The festival thereby secures employment in Salzburg (including year-round employees and full-time equivalent adjusted seasonal workers of the festival) of 2800 full time jobs (Austria 3400).
- Through their effect in other sectors, directly and indirectly they provide the public sector with approx. 77 million Euro of taxes and duties.
- Salzburg Festival furthermore produces difficult to measure intangible effects such as image enhancement, educational demand and competence clusters in sectors and companies, together creating a "Festival ecosystem", which is only partly recorded by calculating the tangible effects.

Prague Spring– 110 mio CZK

Analýza ekonomického dopadu festivalu Pražské jaro 2011

Tereza Raabová a kol., Economic impact v.o.s.

Executive summary

- **Celková návštěvnost**, tzn. počet prodaných a darovaných vstupenek, festivalu Pražské jaro 2011 činila 32 231. Celkem přišlo na festival 12 744 unikátních návštěvníků, kteří navštívili průměrně 2,5 koncertů.
- Nejvíce návštěvníků bylo z Prahy (71,6%), 17,7% přijelo z jiných krajů České republiky a 10,7% tvořili zahraniční turisté.
- **Návštěvníci utratili 24,2 mil. Kč za vstupenky**, programy a katalogy festivalu. **Dalších 12,7 mil. Kč** utratili v souvislosti s návštěvou festivalu za ubytování, dopravu, jídlo, další služby a nákupy. Z toho 8,5 mil. Kč. (67%) utratili v ČR zahraniční návštěvníci, které sem festival přilákal, jedná se tedy o nový příjem („čisté přínosy“) pro českou ekonomiku.
- Ekonomiku rozpohybovaly také **výdaje samotného pořadatele festivalu** (Pražské jaro o.p.s.), které dosahovaly zhruba **79,7 mil. Kč**.
- Celkem výdaje návštěvníků a festivalu měly dopad na **zvýšení obratu (produkce) českých firem a dalších ekonomických subjektů o 163,4 mil. Kč**, z toho **48,5 mil. Kč připadlo na zvýšení hrubé přidané hodnoty (resp. HDP)**.
- **Zisky dodavatelů** zboží a služeb pro festival a jeho návštěvníky se zvýšily o 6,3 mil. Kč.

Further reading

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- <https://www.bayreuther-festspiele.de/festspiele/struktur/>
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