

Promoting Business

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We are presently in the final year of a three year AHRC funded project on the history of live music promotion in the UK since 1950. Our interest is in the ways in which both the economy and the experience of live music have been affected by the social, cultural and technological changes in Britain over the last 60 years and our project is thus deliberately ambitious in scope. Here we want to focus on one aspect of the research: the nature of live music as a business. This interests us partly because it is a neglected topic (in as far as people have examined the economic history of music in Britain since 1950 they have focused on the rise—and more recent fall—of the record industry) and partly because the common sense knowledge of live music is so contradictory. The anonymous peer reviewer of one of our team's academic papers dismissed the claims we made for promoters' economic importance, on the grounds that, as everyone knows, promoters are just crooks and chancers, an interesting remark in the light of the rise in the last decade of the US corporations, Live Nation and AEG, who are now the dominant players in British live entertainment. Even during the course of our research media reporting has moved from gloomy accounts of live music venues closing to excited assertions that they are booming. What is clear is that the live music is an unusual kind of business and in this paper we will examine its peculiarities and their effect on its history. To illustrate our argument we will take the case of DF Concerts.

DF is probably a name that is unfamiliar to most people in this room (and, indeed, in the rest of Scotland). However, its activities are well known. DF is responsible for Scotland's biggest music festival - T in the Park – and runs the Glasgow venue King Tuts Wah Wah Hut, now in its twentieth year, which regularly garners praise as one of the best small venues in Britain. In addition the company promotes most of the big concerts in Scotland, including this year one of the biggest acts on the planet, the Pope, who will play Glasgow in September.

DF began in 1982 in Dundee as Dance Factory, which organised a series of club nights in the city centre venue, Fat Sams. DF's founder, Stuart Clumpas, like most successful British promoters since the early 1970s, had begun his career as student entertainments office at Dundee University. DF was an extension of his university activities and soon had a national Scottish presence. Clumpas opened this own small venue, King Tuts in 1990, and staged the first T in the Park (in Strathclyde Regional Park) in 1994. By the end of the 20th century DF could claim to be Scotland's most successful music business (its only rival, the retail chain Fopp, was soon to become a casualty of the 21st century crisis of record selling). In 2001 Clumpas

himself sold first half, then all the shares in DF to Dublin based promoter Denis Desmond of MCD Concerts. MCD's parent company is Gaiety Investments, which is also owned by Desmond. In 2008 the world's biggest concert promoter, US-based Live Nation, joined with Gaiety to create LN-Gaiety Holdings which then bought Gaiety's majority stake in DF (Cardew 2008). LN-Gaiety also owns the Festival Republic group (with interests in Glastonbury, Reading, Leeds, etc – see www.festivalrepublic.com/home/) and the majority of shares in the Academy Music Group, which styles itself as 'the UK's leading owner and operator of live music and club venues' (www.academy-music-group.co.uk/home/).

Today DF Holdings operates via three divisions: DF which runs gigs in King Tuts and across Scotland; Big Dayout which runs T in the Park; and Bar None Management which runs the bar at King Tuts (see Competition Commission 2009: 18 for the organisation of Live Nation UK and *ibid*: Appendix D for the organisation and operation of Live Nation-Gaiety and *ibid*: D4 for DF).

In summary the DF story is therefore that of a Scottish company which begins in Dundee, moves to Glasgow, grows, is bought by an Irish company and re-bought by that company acting in conjunction with American company. It is a company which is both a Scotland-wide promoter (using other people's venues) and a Glasgow venue owner. It has a branded product—T in the Park—which is now so successful as an event that it can sell out its tickets before its bill is announced. It is also, perhaps most strikingly, a live music business that has flourished for almost 20 years. To explain DF's successful survival strategy we need now to turn back to the peculiarities of the live music business.

As a businessman, a promoter is someone who makes a living putting on musical events, and the first peculiarity of promotion as a business is that the promoter is therefore essentially an *intermediary*, bringing together at a particular time and in a particular place performer and audience. On the one hand, then, the promoter is producing a commodity, the live music experience, for a paying audience; on the other hand, the promoter is providing the performing musicians with a service, the necessary facilities for their performance. One aspect of this double set of relationships is that promoters are local businesses—gigs happen in local places, their audiences are geographically defined (even T in the Park draws primarily a Scottish crowd)—but are also necessarily part of national and indeed international networks and deals. Another aspect is that the promotion business occupies two kinds of time frame. They are concerned with the immediacy of a particular gig—that there is a sufficient audience to cover the cost of a particular performance. But they are also concerned to ensure that audiences are sufficiently satisfied with this event to come again in the future and they have an acute sense of musicians' career patterns. Do a good job for a band starting out and you will continue get their business and put on their shows when they become major acts. Immediate profitability has to

be weighed against future opportunities. This is reflected in the complicated business of ticket pricing, the secondary ticket market, etc.

The second peculiarity of the promotional business, long noted by economists (most notably Baumol and Bowman), is that promoters can't easily benefit from economies of scale or increases in productivity. Given the competitive restriction on ticket prices (in relative terms, mass mediated leisure goods get ever cheaper) promoters' profits become dependent on various forms of subsidy—from the state, record companies, commercial sponsors and the sales of non-musical goods, whether food and drink, merchandise or parking spaces. One issue here concerns venues: are promoters wise to invest in a venue, thus being able to benefit from more general leisure expenditure than just concert tickets, or are the costs involved in maintaining a building just an added burden?

The third peculiarity of the promotion as a business is that because it involves bring people together in a public place it is subject to licensing regulations, regulations covering public entertainment, the provision of alcohol, health and safety and noise, and the use of space and buildings; further, promoters are part of the night time economy with its associated issues of criminal behaviour. Promoters therefore have to deal with a variety of state regulatory agencies, politicians and pressure groups.

In considering how DF has dealt with these problems we will consider three issues.

a) Trust and risk

As a concert promoter DF has to establish relationships of trust with two groups of people - musicians (and their managers) and audiences. At the same time, their understanding of risk has to take into account both short term and long term questions: Will this concert cover its costs? Will people continue to come to this venue? Will musicians go on working with me as their careers develop? The setting of ticket prices and profit margins, the calculation of the necessity or benefit of investment, depend on a complicated set of calculations (even if such decisions often seem hastily and casually made).

To begin with, trust of musicians. Here DF has a formidable reputation for getting the job done. Put simply it is very well organised. For example, each gig at Tuts has a risk assessment dependent on which sort of band was playing (McGeachan 2009). Venue staff are *au fait* with conventions of audience behaviour associated with particular genres of music and can send covert (such as volume control) and overt messages (such as signage) about what will and will not be tolerated within the venue (Webster 2009).

Bands playing at Tuts know that their basic needs will be catered for. They will get a sound check and the sound will be good. They will get fed. Their set will take place on time. A proper record of the songs played will be kept so that PRS income will go to the right people. The band will have somewhere to sell their merchandise and they will be paid - even if not much and often effectively below the minimum wage. The senior promoter at Tuts, Paul McGeachan (2009) thus claims that 'King Tut's is hopefully well above most venues because of the way we treat bands'.

Trust here is based on peace of mind. As a musician or manager you can rest assured that certain things will be in place. This is a source of pride to DF and something which Live Nation also eulogises in its attempts to – quote - 'innovate and enhance the live entertainment experience for artists and fans: before, during and after the show' (www.livenation.co.uk/aboutus) and 'maximise the concert experience' (Live Nation/Ticketmaster 2009). What's apparent here is that for Live Nation to deliver such a promise they need the kind of local reputation that King Tut's has established—rather than Live Nation as a global brand guaranteeing a gig's quality, it is the quality of a local venue like King Tut's that gives Live Nation credibility.

For the audience the trust comes from going to Tuts and knowing that the gig will take place, the sound will be OK, you should be able to see (although it may get a little crowded) and the bar won't be *too* expensive. And the changes of ownership have not impacted on the way a gig at King Tuts *feels*. In keeping with its practices elsewhere Live Nation has not rebranded Tuts and few people will have noticed anything different. As one staff member told us 'it it's not broke don't fix it' (Francis 2009) and so Tuts continues to portray itself via a 'local grassroots image' (Webster 2009).

In fact, DF has consistently built links with both musicians and audiences through initiatives that brand it as an organisation with the interests of the grassroots at its heart. Examples of this include the T-Break stage at T in the Park which focuses on up and coming Scottish acts and the Your Sound monthly networking event at Tuts which gives local musicians and hustlers the chance to meet up and rub shoulders with people who might get them to that elusive "next stage". DF has also established King Tuts Recordings, which has issued singles by a number of Scottish acts who can then be showcased at Tuts.

It is via such initiatives that DF, which is part of the biggest multinational concert promoter on the planet, has been able to continue to present itself as "Scottish" (something which is further boosted by the fact that T in the Park is sponsored by Glasgow-based brewer Tennants – itself a

company which markets its Scottishness while being part of the multinational Anheuser-Busch InBev corporation). Some evidence of the success of this strategy is given by the fact that in 2009 the *Scotsman*, having reported who now owned DF, still declared it to be 'to all intents and purposes... an independent company' (Murden 2009). For musicians, fans and others on the local scene, dealing with DF rarely *feels* like interaction with a multinational corporation.

b) regulation

Promoters have a complex relationship with the state. They work in a business that is subject to a great variety of regulations (licensing acts, health and safety rules, planning decisions, policing requirements, etc) but which is also able to draw on a range of state subsidies (through the support of tourism and the arts, social inclusion and education policy, community development, etc).

DF has certainly worked with local authorities – see the report it produced in 2006 with Scottish Enterprise and Perth and Kinross Council on the economic value of T in the Park (http://news.bbc.co.uk/1/hi/scotland/tayside_and_central/5046514.stm) as well as with the Scottish Arts Council, which put funds into the Your Sound events, and, in general, over the years DF has been adept at spotting local or national state funding opportunities.

King Tuts is subject to the same sorts of regulations as any other venue, with much of this mediated through its relationship with the local licensing authority, Glasgow City Council, with whom it has developed a close relationship (Webster 2009). It is helped in this by the fact that it is not situated in a residential area. Rather it is in what in other places might be called the CBD. It is sited, in fact, below a solicitor's office. The main effect of this has been that sound checks cannot take place until the evenings, which has a knock on effect on stage times: a night out at Tuts means a somewhat later night than it might mean at other venues. But the general lack of local domestic residents means that Tuts has not been subject to the sorts of complaints which have jeopardised and/or caused the closure of other city centre venues (in Edinburgh, for example) although Tuts did recently have to reduce its sound limits following a complaint (Hepburn 2009).

The success of T in the Park, meanwhile, depends on continuous negotiations with police, transport, fire, refuse and health and safety officials, all of whom can make such events to complicated or expensive to stage. In its dealings here DF has been politically astute, gaining the support of Perth and Kinross council since it moved to Balado in 1997 by stressing its local economic benefits, and playing up its cultural/publicity value for Scotland for the consumption of the national Scottish media and Parliament, an important aspect of its success in lobbying against the potential catastrophic effects of the SNP's government's moves against the

promotion of alcohol to young people.

c) the business environment

Promoters occupy two different business worlds, on the one hand the music industry (and, in the last 50 years, an ever changing relationship with record companies) and on the other hand the leisure industry and night time economy (which has tied promoters in various ways to the drinks trade and, indeed, to various forms of illegality). At the same time promoters have to be understood in relationship to both local and international capital.

In the former case it is important to recognise that while owned by a multinational corporation, DF's bread and butter is live music in Scotland. This means it monitors and tries to work with local Scottish acts who may become international but also that it nurtures internationally known acts and brings them to Scotland. As CEO Geoff Ellis explained in 2002:

"Robbie Williams doesn't need to use a Scottish-based promoter, it can all done from one of the English promoters, but we'll do a far better job because we understand the market' (Ellis 2002).

He went to explain that when Williams had previously played the Glasgow Barrowland and was in danger of only half filling it, the other half of the tickets were shifted in the two weeks prior to the show because DF's local knowledge meant that they were able to target sales in ways in which outside promoters would probably have not been able to do. Similarly knowing the Scottish market enabled DF to sell out the Eagles in 2002 when sales were sluggish in England (ibid). Ellis also cited knowledge of the distinctive Scottish press as a competitive advantage.

From Ellis's perspective, then, DF's change of ownership has not changed the way the company works in Scotland but did enable DF to more competitive with major London-based or international promoters. DF now has the financial backing of Live Nation, giving it the ability to bid for shows which it might not otherwise have had the financial clout to do (Caldwell 2009).

CONCLUSION

In considering the example of DF as a case study of a successful promotion business we would like, in conclusion, to draw attention to three points.

First, promoting music is a more complex business than it might first appear. DF's success has depended on its ability over the last twenty years to combine three sorts of business: events promotion, a venue, and a festival. This combination has enabled it to address some of the underlying issues of productivity and economies of scale while being efficient in its use of investment (DF doesn't have to worry about the maintenance of the Glasgow's SECC, for

example, the venue it most often uses for its major concert promotions) and sponsorship (DF's long term relationship with Tennants has been crucial for its success). At the same time, successful promotion depends on maintaining good personal relations with a variety of stakeholders—musicians and their managers, agents, record companies, audiences of various sort, politicians, regulators, neighbours and the media. For DF this has partly meant its chief executives (first Stuart Clumpas, then Geoff Ellis) having the right kind of personal abilities but it has also meant developing a company structure in which key tasks (running King Tuts or T in the Park, for example) are delegated in a loose managerial structure. In the long term it will be interesting to see if the corporate culture of Live Nation will be able to tolerate this managerial style.

Second, promoting music is a more political business than might first appear. One of the key elements of DF's success has been the skill with which it has played the Scottish card (getting then First Minister, Jack McConnell, to attend T in the Park, for instance). This has been evident not just in the way it has handled the various regulatory issues around T in the Park or King Tuts and benefited from various forms of public subsidy, but also in the way it has constructed the Scottish or the Glasgow audience as being something special—particularly discerning and enthusiastic—which both flatters its local audiences and encourages non-Scottish agents to book their acts into DF events.

Finally, promoting music is a more contradictory business than might first appear. The recent DF story has revolved around its ability to continue to be understood as a local business while being part of a multinational corporation. This is not just a matter of illusion and credibility. Much of its activity is local, and promotional success depends on ongoing personal relationships and trust (and not just formal contracts). In taking over most of Britain's independent promoters, Live Nation was buying such personal relations—these were the assets (and it is striking how many of the promoters thus taken over continue to be in significant executive positions in Live Nation's corporate structure). T in the Park is a good example of the contradictions involved. On the one hand, its funding involves as complex a package of different investors as a British film; on the other, its success depends on a series of personal understandings, between the festival bookers and the acts, between the acts and their audiences. Successful promoters don't just have to have business skills; they also have to understand music. What's unusual, though DF have managed it so far, is to combine such different attributes.

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