Understanding Live Nation and its impact on live music in the UK

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ABSTRACT
Despite being less than a decade old, Live Nation has dramatically changed the power structure of the global music industry. Live Nation is the largest live entertainment company in the world, and more economically significant than any of the three major record companies apart from Universal. Its recent merger with Ticketmaster has led its critics to claim that now more than ever, its corporate agenda will have lasting destructive effects on the health of UK concert promotion. But with most of the company’s key personnel, venues, and assets having operated interdependently for decades, what exactly has changed? This paper will discuss the impact Live Nation has made on the British live music sector, and illuminate some of the changes in the complicated ownership structures in the British live music sector. The paper will also shed new light on how some of the most senior personnel from Live Nation’s UK division perceive their own company and its role in live music, based on interviews with Paul Latham (UK President and COO International Music), and Barry Dickins (International Talent Booking).

KEYWORDS: Live Nation; live music; concert promotion; music industry; music industries.

INTRODUCTION
Something important happened in 2008: British consumers spent more money on concert tickets that year than they did on recorded music, even with physical and digital sales combined (Prynn 2008). This moment represented the culmination of...
a gradual shift that had been occurring since the mid-1990s: music revenue was moving away from a record-sales based paradigm that had dominated the last half of the twentieth century and towards an increased emphasis on live performance. Around the same time, Martin Cloonan and John Williamson (2007) argued that the term “music industry”, which has traditionally been used as a stand-in term for “recording industry”, was no longer fit for purpose; instead they proposed that it is more accurate and less misleading to use the pluralised music industries, denoting the different sectors that make money out of music, including recording, live, publishing, and so on.

2008 was also the year that I joined a research team comprising Simon Frith, Martin Cloonan, and Emma Webster to work on a three-year research project entitled The Promotion of live music in the UK: An historical, cultural and institutional analysis. The aim of the project was to reposition the live music business in academic and public discourse, and demonstrate that any account of the “music industry” in the singular which did not seriously consider the live music industry was bound to inaccurately reflect how the music industries currently work. A change in approach seems especially urgent when one considers that in 2010 Live Nation Entertainment boasted a bigger annual turnover than any of the major record labels apart from Universal – a figure which didn’t even take into full account the additional revenue from its recent merger with Ticketmaster. Now that Live Nation and Ticketmaster have merged into Live Nation Entertainment, it is possible that Live Nation may eventually become (if it isn’t already) the biggest music company in the world. The maturation of Live Nation, which only came into existence in 2005, represents a huge change – at both discursive and industrial levels – in the economics of music.

**Live Nation and the UK concert promoter oligopoly**

The last twenty years has seen a consolidation of ownership of concert promotion companies and live music venues in the UK. There are now in fact only five main promoters that control the vast majority British of the live music economy: Live Nation Entertainment, AEG Live, Gaiety/MCD, SJM, and Metropolis Music. Unlike the major record labels, however, these promoters frequently cooperate and collaborate; they sometimes work together to promote big tours and concerts, and even share ownership of many major concert venues in the UK. Take the case study of the city of Glasgow, which is home to the biggest Scottish concert promotion company – DF Concerts. DF promotes everything from one hundred-capacity venues to stadium gigs and festivals including Scotland’s biggest music festival, T in the Park. But exactly what makes this company Glasgow-based, or even “Scottish” unravels quickly when you start to look at who owns it. DF is 67% owned by LN-Gaiety Holdings, which combines the interests of the multi-national Live Nation based in Los Angeles, and the Irish concert promotion company MCD (represented as Gaiety in the UK and controlled by Denis Desmond); the remaining 33% is owned by SJM Concerts based in Manchester (Latham 2009).
Along with Metropolis, Live Nation, Gaiety and SJM also have controlling shares in the Academy Music Group, which in Glasgow alone owns the 1300-capacity O2 ABC and sister venue 300-capacity O2 ABC2, as well as the 2500-capacity O2 Academy. Through their shares in DF, LN-Gaiety and SJM also own King Tut’s, perhaps Glasgow’s most famous small (350-capacity) live music venue. This is not to mention their ownership of similar venues in cities across the UK and most of the major pop festivals over the summer (see Figure 1). On the one hand, you could look at festival and venue ownership in the UK as an oligopoly, but on the other hand, because the five big companies tend to share ownership in big venues and even own shares in one another, it is actually closer to a duopoly between Live Nation and its subsidiaries on one side and AEG Live on the other.

One way of thinking about the health of the British live music industry is in terms of an ecology. In a recent article, my colleague and I argued that “an ecology of live music events and venues (small, large, ‘professional’, ‘amateur’) must be in place, it seems, for a healthy local musical scene” (Brennan and Webster 2010, p.12). We went on to suggest that:

The growth of corporate concert promotion, Live Nation style, is bound to have effects on the ecology of live music. If the live music sector is to be sustained, new talent must develop, and for this to happen venues are needed for new ‘amateur’ artists as well as for established professionals. Indeed, live music needs an environment in which the amateur and professional spheres overlap and interact. This is why ‘top-down’ organisations such as Live Nation are potentially problematic: if the balance between venues and ownership leans too far in one direction, then the whole ecology is endangered. On the other hand, the fact that live music is inevitably embedded in particular localities with their own unique set of contingencies makes it difficult for a corporate promoter ever to impose a completely standardised network of facilities. It will be interesting to see if the Live Nation model of promotion will continue to grow – it could just as easily collapse. (ibid., p. 17-18)

To explain why we raised the question about collapse, I now offer a nutshell history of Live Nation. In 1996, the American businessman and entrepreneur Robert Sillerman began to acquire concert promoters, venues, and other assets, and roll them into a pre-existing entertainment conglomerate called SFX. He then convinced the multi-national corporation Clear Channel that together these assets had “synergies” which made them more valuable than the sum of their parts. Clear Channel bought SFX in 1999, only to realise that most of them carried significant debts which were affecting Clear Channel’s stock value; it therefore spun off most of these assets into a new company in 2005, which became Live Nation (Lefsetz 2010; Funding Universe 2011). Or as John Giddings (head of Live Nation Global Touring) put it in an interview: “We were all mugs, we were all fighting each other and he [Sillerman] spotted it from a distance and joined everybody up, then sold it down the river and walked away with the cheque. Good on him” (Giddings 2010). Live Nation has a
plan to become a profitable corporation, but its business model could still falter. In spite or because of its business history and also due to its merger with Ticketmaster in 2010, Live Nation has been heavily criticised for its possible detrimental impact on the health of live music (see, for instance, Masson 2009; Brooks 2009). In other words, Live Nation has become, just as the major labels once were, the newest bogeyman of popular music culture.

Figure 1: 2010 UK Festival Ownership Map.

**Live Nation senior staff and their perception of their role in live music**

Having noted the concern about the potential detrimental impact of Live Nation on the British live music sector, the real question becomes: with most of the company’s key personnel, venues, and assets having operated interdependently for decades, what exactly has changed? I now want to draw from interviews I conducted with two of the most senior figures in the British live music sector, both of whom are now working for Live Nation, and how they perceive their own roles in live music.

As noted above, Live Nation has occasionally been criticised for having altered the business practices of the companies it bought. The idea here is that there was a natural way of these businesses running which was subsequently damaged by Live Nation’s involvement. But the story is more complicated than that. Here is a quote from Barry Dickins, a booking agent who runs International Talent Booking, which
represents many artists including Neil Young, Bob Dylan, Paul Simon, and new acts too. It was bought by Clear Channel and Live Nation still owns it.

MB: What effect, if any, [did] the Live Nation buyout have on the way you operate as a business?
BD: Exactly the same. [...] Because you gotta remember the people that pay us – I shouldn’t say pay us ‘cause Live Nation pay us – but physically bring the money into ITB, are the clients. And our job is to do the best deal for the clients. Now there’s a lot of situations where it may not be in the client’s best interest, or Live Nation don’t value it, and somebody else does. And you make that decision. We work a lot with them, but we work a lot with other people.

Neil Young answered it great. [On a recent tour between songs, Young] destroys Clear Channel, hates it, all this corporate nonsense. And someone yells out in the audience, ‘well why are you being promoted by them?’ And [Neil] said, ‘I’ve had the same promoter [...] for thirty-five years, and as long as I’ve got him, if he wants to cash in his chips or whatever, I don’t have a problem. It’s a people business’. And it is a people business. And as long as those people don’t change, in the way that I work, in the way that they work, I have no problem. (Dickins 2009)

Another criticism sometimes launched against Live Nation is that it is a recently formed company which is sealing its own fate by creating a strategy for live music based on short term gain rather than long term sustainability (see Lefsetz 2010). However, although some may see Live Nation strictly as a music company, Paul Latham (2009), president of Live Nation UK, perceives the long-term vision of the company in starkly different terms. Consider this quote:

PL: The fact that the business is so much more ephemeral now, it’s a problem to see which acts are going to be playing in twenty or thirty years time. But there’s an element of ‘does it really matter?’ [...] When I’m pitching to local authorities or the management of their buildings, they’ll say to me ‘that sounds all very well and you’re good at being music promoters, but what if musical tastes change?’ And I say, all entertainment changes. To be honest, if I was sitting here 2000 years ago, you’d be talking to me about public hangings and floggings that people came to, or bear baiting. Now I’m not proposing to put those back into the public portfolio, but ultimately these are spaces that we sell, and we will sell what people want, and that’s what happens. [...] MB: [Do] you mean that a longstanding career in arena music might be a thing of the past?
PL: Correct.

**Conclusion**

I would like to conclude by making two brief points. First, anyone who is interested in understanding the music industry or industries, singular or plural, needs to put
more emphasis on the live music industry and the history of the dynamic relationship between it and the other parts of making money out of music, particularly recording. Second, the corporatisation of the live music industry has resulted in certain industrial changes, especially in terms of competition, cash flow, and having live music subsumed within business plans that extend far beyond music into other forms of live entertainment. I hope these will serve as starting points for continuing research into this area, which I think is vital for any scholarship focused on how artists and institutions operate to make money out of music in the present day.

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ENDNOTES

1. This project was funded by AHRC research grant F00947/1.
2. The 2010 Live Nation Annual Report (Live Nation 2010, p. 51) states its annual turnover in that year was $5.063bn. The 2010 Vivendi Annual Report (Vivendi 2010) states the turnover for the Universal Music Group was €4.449bn (or US$5.961bn). The accounting periods for each company are likely to be different so it is difficult to say with certainty which company’s turnover is actually the greater, but it is likely that the Live Nation figure did not yet include revenue from its 2009 merger with Ticketmaster. That said, Universal’s acquisition of EMI Records in late 2011 will also have an effect on its own turnover.
3. This diagram was first published in the UK Festival Awards Conference programme (Brennan and Webster 2010).

REFERENCES

Giddings, John. 2010. Interview with the author, 4 May, London.


