

LECTURE NOTES FROM 'GET PLUGGED IN' A 15 HOUR COURSE ON THE LIVE MUSIC INDUSTRY FOR MUSIC TANK AT WESTMINSTER UNIVERSITY

28 FEBRUARY 2012: SECTOR OVERVIEW

Stakeholders

- Venues
- Managers
- Publishers
- Merchandisers
- Backline companies
- Promoters
- Agents
- Ticketing companies
- Festivals
- Artists
- Audiences
- Who else? Labels, recording and mastering studios, manufacturing plants, equipment manufacturers... everyone, in fact, in the music industry, since any income from any source helps facilitate all other artist activities

Springboard

- IQ Magazine comment piece in 2007 lambasted the lack of support and / or funding at the grassroots level, from either the industry itself or those companies which benefit from it. Five years later, nothing has changed

Climate

- The closing of The Luminaire led to a personal exploration of why it had happened, and specifically an analysis of how the world had changed from 2005-2011, the lifespan of the club. An overview of findings follows:

2005

- Flatscreen TV costs £3,000
- Highspeed broadband had very low UK penetration, and concentrated in biggest cities
- iTunes (which launched in 2003) starts downloadable video service, with just five TV shows
- BBC iPlayer launches on Christmas Day. They'd hoped to attract 500,000 users in 6 months. They got 3.5 million in the three weeks (over the years the other terrestrial broadcasters have rolled out similar services)
- YouTube launched

2006

- iTunes now starts to offer films for download. 75 from Disney
- Facebook launches in the UK
- Twitter launches, slowly

2007

- iTunes now has 500 films
- Facebook has 1.3 million UK users by March
- Twitter takes off at South by Southwest showcase / festival in Austin, Texas (March)
- iPhone arrives in June, heralding the arrival of useable mobile online experience

2008

- Lovefilm is bought by Amazon and becomes the biggest film download/DVD-by-post service in the UK
- In April, BBC iPlayer accounted for around 5% of all UK internet traffic

2009

- Skype-to-Skype (which was set up in 2003 and started to gather momentum in 2005) accounts for 13% of all international calls
- Spotify launches in the UK in 2009

2010

- Apple launches the iPad, other tablets follow
- By May, BBC iPlayer the site is getting 123 million monthly play requests
- iTunes now has 12,000 films for download
- Spotify now has 650 million users
- YouTube announces it's getting 2 billion views daily

2011 >

- Over 90% of the UK population has high speed broadband
- The same flatscreen TV is now just £299
- Spotify has 10,000,000 tracks, increasing by 10,000 per day, 10,000,000 users, 1 million of whom pay for the service
- Facebook has almost 800 million users worldwide, and almost half of the UK's population
- We are sending 300 million Tweets per day
- We can now, at our leisure, and for free, find almost any film and almost any piece of music for free online, and take it

The point:

We're all dicking around online when we could be at a gig (or the less flippant point: the number of things we could do at home increased massively with the roll-out of high speed broadband and the introduction of new online communication / social media tools)

Add to this the gradual dovetailing of the following two factors:

- A slow collapse of recorded sales leading to everyone pouring into the live industry to see how they could make money,
- Arguably the worst financial crisis since the 1930s, if not in history

Leading to:

- People staying home with far more (online) options and when they do go out they might choose from any number of
- free gigs as pubs / small venues try to attract an audience, and before they go out they might drink at home first, since
- a bottle of beer in a London pub around £3.80 and the same bottle in a supermarket as low as £0.60, leading to
- lower takings for pubs and an increase in the number of free gigs as pubs / small venues try to attract an audience and
- round and round it goes

A quick glance at some figures

2009 BPI retail value of recorded music = £1,343m
2010 BPI retail value of recorded music = £1,237m = 7.9% drop

2009 PRS estimated value of live music = £1,589m
2010 PRS estimated value of live music = £1,480m = 6.8% drop

So while in both years the value of live income was higher than the value of recorded income, live income actually dropped in 2010, though this is reckoned to be down to many of the 'global' artists not touring (and remember that the top 5% of live artists make 80% of all live income)

Crisis? What Crisis?

In 2010 the 100 Club announced their closure and, two month later, we announced The Luminaire's. There was lots of soul-searching in the press, leading to 'UK venues in crisis' stories, though often those venues which were noted as having closed, either hadn't, or had reopened. London has opened many more venues (or rooms putting on bands) that its closed in the the past six years. Further, the centre of gravity has moved from Central London to the East (much as it did from Manhattan to Brooklyn) and East is where the industry wants the bands to play, to emerge from, and in some cases the standard of venues isn't so important to the industry, which is just as well, since the standard of small venues in London is generally pretty poor in terms of production levels, certainly in comparison to their mainland European counterparts. It's important to note that, unlike small UK venues, many small mainland European venues are able to apply for funding for improvements to PA and infrastructure. There's also often a culture of volunteering in other countries, so staff costings are reduced. The Roskilde festival in Denmark hires 30,000 volunteers each year.

When the Astoria announced it was closing due to Crossrail, there wasn't much of a noise made about it from the industry (they could use Koko, Shepherd's Bush Empire, Electric Ballroom) and when Spitz and Luminaire closed down, the industry again had other venues to use in their place, indeed there are many more at this level. So while some artists and audience members (and indeed some industry) may 'miss' a venue, ultimately its demise becomes an irrelevance, particularly as new gig-goers appear, and find their own 'homes'; those venues that they will miss if they close down. London is in some ways an anomaly though, in that there are many more rooms to pick up the slack. That's not always the case in smaller towns and cities the world over. Even if the O2 closed, the industry would just have to use football stadiums instead. The bands would still play, the audience would still come and, in time, the O2 would fade to the back of our memories, as those kids who go to their first show tonight ask "What was the O2"? It is the conveyor belt of death, my friends, and we are all on it.

Artists and audiences

Collectively the two most important stakeholders. Without them there is no music industry. Individually though, they are utterly irrelevant: the artists at the lower levels, and the audience members at any level. Before an artist is big enough to sell significant numbers of tickets (and therefore generate significant alcohol sales in venues), they don't matter much. Below that level there are any number of god-knows-how-many artists who can bring 20 or 30 of their mates along to a pub and keep beer flowing through the taps. Once an artist gets to play (let's say for the sake of argument) Scala, which is 850 capacity, they have currency. Agents, promoters and venues want to work with them for they are going places, and making people money. When it comes to the audience, they never matter individually. If you've got a problem with X venue because you think their beer prices are too high, or their security staff or bar staff are rude, then it's unlikely the venue will change to suit you, for you are part of a captive audience. If your favourite artist is playing at a venue you don't like you have two choices: you can either go see your favourite band and try and forget about those things you dislike about the room, or you can wait until the artist plays in your living room. Only one of those outcomes is likely. And so long as the UK (and London in particular) remains such an important market for overseas bands, the venues have no reason to change. The bands and the audiences will keep coming.

The Live Music Bill (amendment to the Licensing Act of 2003, covering England and Wales only)

A private members bill was introduced to Parliament, thanks to the lobbying of the Live Music Forum who've been campaigning for years to have the law that regulates the staging of live music changed. It passed both the House of Commons and the House of Lords unopposed this year and will soon become law. Among other things, it now means that any room under 200 capacity that wishes to stage live music (be it a venue, pub, school, community centre, church, whatever) will now be exempt from having to apply for an entertainment license which, according to the Live Music Forum, will cut red tape, bureaucracy and fees (though it's worth noting that, depending on the local authority who you need to apply through, it can actually be a relatively inexpensive and painless procedure). This will (unarguably) level the playing field, but in a country which already has a globally-derided small venue circuit, do we really unequivocally welcome the potential introduction to the market place of a great many other rooms booking live music, when the ones who already do are struggling to fill their rooms, in a brutal economic climate? And do we really think that the pubs and other rooms who begin staging live shows, in an effort to boost their bar takings, will all be concerned with making sure the artists are paid well, well-looked after and given good production facilities? Further, do we think it's wise - when many more rooms are putting on free shows - to potentially introduce a raft of new rooms, many of whom will do free shows? Do we think that artists will financially benefit from landlords whose goal is to increase bar takings? Do we think the landlords will go with the artist who can bring 30 people but need £100 to play, or do we think they'll go with the band who can bring 30 people, but do it for a couple of pints each? Let us hope I can prove utterly wrong in this, because if I'm not, the grassroots level is about to get a whole lot muddier for artists.

A final point about the culture that exists in the music business

We're good at taking things for free, but we're shit at putting back into our own industry. We take free CDs and MP3s (either stolen, or as gifts from PRs, labels or artists) and we're great at taking guest list for gigs when we can afford to pay in. We seem to have somehow allowed the notion of not paying to get into a gig because 'you're the artist's manager / agent / boyfriend' to flourish, when in fact we should take the opposite tact: small artist, small promoter, small venue, low ticket price: you should pay to get in. It will make the next show slightly easier for the artist, promoter and venue to stage. Next time someone offers you a free CD, refuse it, or pay for it. Next time someone offers you guest list, buy a ticket. There is almost no support for the grassroots level from the industry above it, and it's not coming any time soon.