

THE REVENUES FROM LIVE MUSIC EVENTS

There is no comprehensive data at the EU level on the revenues derived from the music sector based on live performances and concerts. The sector is too fragmented and very rarely surveyed in a systematic way that would produce a definitive figure. However, the importance of live music in the general economy of the music sector is considerable. Attendance at music festivals and concerts across Europe is high, especially amongst young people.

The best way to get an idea of the importance of live music events, in the music value chain, in the absence of any comprehensive European-wide economic assessment, is to examine two surveys carried out in two European countries with differing market and population sizes - both examples show the significant amount of money generated by the live music sector for people working in the music business, let alone the secondary economic effects of music events on related services (tourism, restaurants, transports etc). Even though the results can not be generalised for the whole of Europe, they portray an idea of what the size of the live music economy may be.

CASE 1: GERMANY

The German case shows that live music, in all its different formats, represents a considerable source of revenues for artists in the music field. It also benefits record producers, although indirectly, and has significant spill over effects on other economic sectors.

- In a study carried out by German consultancy GFK for the German Federal Board of the Performing Arts Sector in 2004, the live music market is presented as **larger in volume than the market for recorded music**. The evolution across the years is shown as follows:

Base: spending in € billion

	1995	1999	2003
Recorded music market	2.65 (52%)	2.47 (48%)	1.78 (40%)
Live music performances	2.45 (48%)	2.66 (52%)	2.70 (60%)
TOTAL	5.10	5.13	4.48

These figures show that sales of recorded music have constantly decreased over the years whereas money spent on live music events has constantly grown - as a result, it amounted to three fifths of all money spent on music by German consumers in 2003.

- In terms of **consumer spending** on different media items over the same years, GFK recorded an increase in spending on film and video games, whilst books and live music remained constant and recorded music significantly decreased. Also in this case, the relative weight of the live music sector, on overall music spending, is considerable - below a table depicting the shares of different media spending over the years:

Base: spending (%)

	1995	1999	2003
Recorded music	24	20	15
Live music performances	21	22	23
Film	12	14	19
Book	34	32	31
Leisure software	5	9	9
Blank media	5	4	4

- It appears **that in terms of age groups**, the highest spending on live music performances is recorded amongst older people: the 60+ age group spends more than one third of its media spending budget on live music events (34.8%) whereas the younger group (10-19) only spends 19.3% of its media budget on such events. A lower percentage is recorded in the age group 30-39 (17%), they are also the demographic with the highest percentage spending on recorded music (18.6% against only 8.3% for the 60+ group).

On a global spending of € 2.7 billion in live music performances in 2003:

- Musicals represented the most popular attraction with spending amounting to € 502 million (18.8% of the total);

- Opera comes second (€ 390 million, 14.6%);
- In third place is international rock/pop (€ 379 million, 14.2%);
- Classical music (12.8%) and cabaret (10.9%) are also major players.

In terms of age groups, operas and classical music are more popular with older age groups, musicals with adults and international rock/pop with younger audiences. By comparing the live music and the recorded music market, it can be seen that recorded music is more popular amongst younger consumers and that international pop accounts for more than half of the repertoire. Live music on the contrary is more popular amongst older age groups, with such genres as musical and classic representing 46% of the repertoire (as opposed to merely 9% for the recorded music).

- The GfK study also shows **the importance of live music performances for the music DVD market** - more than half (52%) of music DVDs sold in Germany throughout 2003 included extracts or were produced from music concerts. This is significant as music videos are growing in sales all across Europe and represent a growing source of revenue for the music industry.

In absolute terms, in 2003 43.3 million people in Germany either bought a live music CD, concert DVD or attended an actual concert. However, whilst 9.7 million people only bought recorded music, 16.3 million have done both and 17.5 million have only attended a live music performance, without buying a single CD.

CASE 2: IRELAND

A study commissioned by the Music Board of Ireland aimed at measuring the economic importance of the Irish music industry in 2001 came to the following conclusions:

The size of the Irish music industry, in terms of value added in 2001, was some € 478.4 million.

This includes € 268 million (56%) of earned income for recording artists who collect earnings from record sales as well as live performances and € 144.6 million (30.3%) due to the performing artists' activities. The balance of € 65.8 million (13.7%) represents the added value of the support sector (record companies and music publishers, record studios, managers/agents, live performance support, collecting societies).

These figures underline the importance of live performances for the income of artists as well as their weight within the economy of the music sector. More impressive are the figures about employment.

Employment in the Irish music industry was estimated at 8,101 full-time equivalent workers (FTEs) for the year 2001. **Performance artists comprise the bulk of total employment in the Irish music industry: 76% (6,157 FTEs).** The support sector provides 1,444 FTEs of employment (17.8%) while recording artists are estimated to account for only 501 FTEs or 6.2%. It is evident that the performing sector represents the great majority of jobs in the Irish music industry.

By analysing the sources of income for all artists, more than half of the total comes from live performance income (52.4%), while recording royalties only represent 29.7% of the total and other sources of income 17.9% (mechanical royalties, synchronisation fees, performance rights, merchandising and sponsorship). Live performance is the major source of income for artists - the only one even, for those who do not have a recording contract.

The Irish example shows the key role played by live performances in sustaining music artists' income as well as their importance in creating jobs in the music sector.

The German and Irish cases can not be extended automatically to the other European countries due to specificities in their respective national structures of the music business and music markets. However, they underline the essential role played by live music within the sector.