



Artist Incremental Revenues

by Bob Galombeck

"We seldom talk about artist incremental revenues, but it's worth noting. Artist incremental revenues are on the rise."

Most of the time when discussing incremental revenues it's all about the venue and how good the numbers look in general, especially after a concert weekend. How did the floor do? Was food and beverage up? Was the hotel full?

We seldom talk about artist incremental revenues, but it's worth noting. Artist incremental revenues are on the rise. Being on tour used to primarily be about promoting a new record to generate sales. There really was not much in the way of extra income through the tour other than merchandise sales onsite and royalties. But due to the internet and online streaming, being on tour is shifting more and more towards generating other types of revenue for artists.

Before identifying some of these incremental revenue types, it should be noted that artist fees are on the rise as well. New artists just out of the gate, from a reality tv show for example, are quoting as much as some artists who have been out for years and years. And then the jump in pricing after an artist has some radio success is typically big as well. The music industry is healthy right now – there are a lot of options for artists and demand is high. Some venues will pay a premium to get the artist they want and that tends to increase market value. With a healthy industry, artists are working to capitalize as much as possible with their fees and added revenue sources.

The following are a few incremental revenue types:

- *Buyouts for artists carrying their own gear, such as backline, IEM's, and consoles, for example.* Artists on the road with some of the gear used to be part of the offering, but now more and more artists want to get paid for it. It's additional revenue for them and they figure you have to pay for it through your production company if they weren't carrying it.
- *Other buyouts for meals and backstage hospitality, for example, may come up so the artist can do what they want with the money.* For some venues that can be a win win if the requirements in the artist rider are more than the venue can or wants to provide. And the artist usually comes out ahead as well from the deal.
- *VIP Experience Programs.* These programs, or ticket 'lifts,' generate more income for an artist. They offer a

package where concertgoers can pay a sum of money on top of the face value of the ticket price to get a few special perks at the show. That can include free signed merchandise, a private meet and greet, or attend the sound check, for example. The venue still gets their sold ticket fee, but all the monies on top of that paid for by the concertgoer for this VIP Experience typically goes to the artist.

- *Album bundles.* Artists promoting a new record may want the venue to put a small additional fee on top of the face value of the ticket, and then the concertgoer will get instructions on how to redeem a copy of the artist's new recording, perhaps through a link/download. Hard record sales are diminishing, so this is an additional means to get their newest recorded music out there and get some revenue from it.
- *Venue to sell artist merchandise.* Many artists are not carrying merchandise sellers with them now and are asking the venue to supply that labor. They will pay the seller a stipend in most cases. It's not exactly incremental revenues, but it ends up as extra savings for the artist compared to carrying someone with them full time. Further, the standard split with a venue is 90/10 on music and 80/20 on all other goods (photos, t-shirts, etc.) while some artists may ask for 100% on music.

Whether the above examples are good or not so good for the venue, they exist and will come up. Each venue will have to decide if they are going to honor these incremental options or not if presented. Some have this information pre-existing in their venue addendums and reinforce it in their offers. In some cases they can save the venue time and expense, and it is a win win for both parties. In other cases it may not be what the venue is willing to do, in which case you should push to have any of these options that are presented stricken from the deal.

In either case, artist incremental revenues are on the rise and most likely will continue going forward. ♣

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