

Competition in live music promotion services

1. This appendix assesses competition between the parties in relation to live music promotion services. We consider in turn Academy Events, Live Nation, Hamsard, and DF Concerts.

Academy Events

2. Academy Events is a small in-house promotions business, which promotes events only at Academy's own venues. Academy does not charge Academy Events for venue hire or other costs but retains all ticket sales income from these self-promoted events.
3. Academy Events consists of three promoters, whose stated role is to:
 - (a) promote artists that the main UK promoters are not interested in;
 - (b) promote new and emerging talent at the 'lowest end' of the spectrum (ie in Academy venues of below 250 capacity);
 - (c) look into UK tours promoted by mainstream promoters/artists and to try and purchase 'spare' dates in locations in which Academy has a venue that the tour is not taking in, particularly Liverpool and Bristol;¹ and
 - (d) produce events for Academy partners such as Carling, Virgin Mobile, Jack Daniels, and Time Out magazine.
4. The parties told us that Academy Events therefore tended to promote small acts before passing the act on to other promoters (notably shareholders SJM and Metropolis) if it became successful.

¹In particular, the Academy venue managers normally wait until they are sure no mainstream act is going to book the date before confirming an event to be promoted by Academy Events.

5. Academy provided us with details of all the events that Academy Events has promoted from February 2002 to September 2005. This confirmed that Academy Events only promoted at Academy venues, and specifically only at smaller Academy venues. Table 1 shows that Academy Events promoted 355 shows in 2005 and mainly promoted shows at its venues in Birmingham (129 shows), Islington (105) and Liverpool (85). Between 2002 and 2005, Academy Events did not promote any shows at Brixton Academy and promoted only a handful of shows at Glasgow Academy and Shepherd's Bush Empire. Figure 1 shows the same data and illustrates the growth of Academy Events in the last few years.

TABLE 1 **Number of events promoted by Academy Events by venue, 2002 to 2005**

Venue	2001/02	Academy financial year*		2005†
		2002/03	2003/04	
Birmingham	29	70	145	129
Bristol	3	12	19	12
Glasgow	0	1	3	1
Islington	0	0	75	105
Liverpool	0	1	71	85
SBE	1	2	1	7
Newcastle	<u>0</u>	<u>0</u>	<u>0</u>	<u>16</u>
Total	33	86	314	355

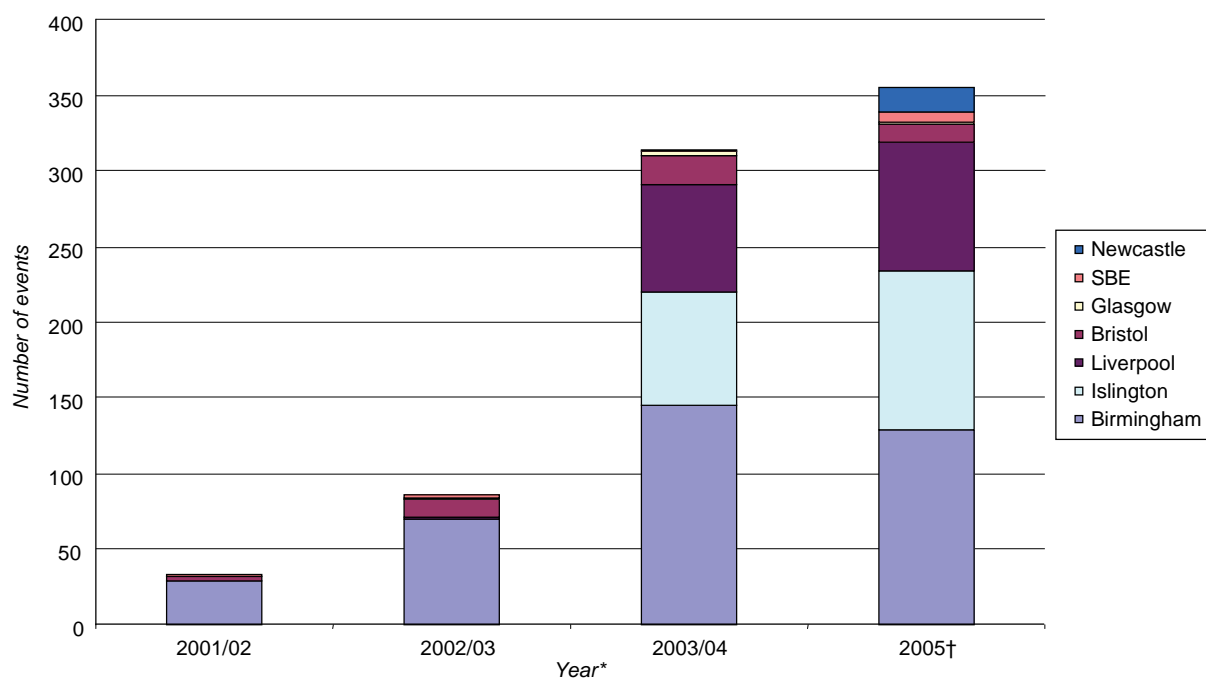
Source: CC analysis.

*2001/02, 2002/03 and 2003/04 data are based on Academy financial year data (October to September).

†2005 data is based on calendar year data.

FIGURE 1

Number of events promoted by Academy Events by venue, 2002 to 2005



Source: CC analysis.

*2001/02, 2002/03 and 2003/04 data are based on Academy financial year data (October to September).

†2005 data is based on calendar year data.

6. In 2005,² events promoted by Academy Events comprised 17 per cent of all events at Academy's venues. As Table 1 and Figure 1 suggest, this proportion was higher in some venues than in others. In Birmingham, Islington and Liverpool, where Academy Events was most active, events promoted by Academy Events comprised 39, 19 and 38 per cent respectively of all events in these venues. In Bristol, this proportion was only 7 per cent, and it was less than 5 per cent in Shepherd's Bush Empire and Glasgow.

7. Examination of the shows promoted by Academy Events revealed that these shows appear to be relatively small scale and involve lesser known artists, commanding relatively small fees. Tables 2, 3 and 4 show average ticket prices, ticket sales and artists' fees for events promoted by Academy Events. For Academy Events's three

²Data here is for financial year 2005 (October 2004 to September 2005).

most important venues (Birmingham, Liverpool, and Islington), the average ticket price is under £10, average ticket sales are less than 250³ and the average artist's fee is less than £2,000.

TABLE 2 Average gross ticket⁴ price of events promoted by Academy Events, 2002 to 2005

Venue	Academy financial year*				2002–2005
	2002	2003	2004	To end Jan 2005	
Birmingham	7.40	7.31	6.70	7.23	7.00
Bristol	9.67	10.04	13.74	14.67	12.46
Glasgow		12.00	12.17	12.50	12.20
Islington			7.51	8.30	7.71
Liverpool		6.00	7.96	10.03	8.56
SBE	<u>15.00</u>	<u>13.50</u>	<u>15.00</u>	<u>15.33</u>	<u>14.71</u>
All venues	7.83	7.88	7.68	8.92	7.98

Source: CC analysis.

*2002, 2003, and 2004 data are based on Academy financial year data (October to September).

TABLE 3 Average ticket sales for events promoted by Academy Events, 2002 to 2005

Venue	Academy financial year*				2002–2005
	2002	2003	2004	To end Jan 2005	
Birmingham	200	193	151	189	172
Bristol	300	385	511	608	472
Glasgow		24	360	395	300
Islington			164	219	178
Liverpool		121	176	238	194
SBE	<u>805</u>	<u>545</u>	<u>398</u>	<u>974</u>	<u>745</u>
All venues	227	225	184	255	208

Source: CC analysis.

*2002, 2003, and 2004 data are based on Academy financial year data (October to September).

³We consider ticket sales in relation to capacity at these venues in paragraph 8.

⁴Gross ticket prices means including VAT.

TABLE 4 Average artist's fee for events promoted by Academy Events, 2002 to 2005

Venue	Academy financial year*				2002–2005	£
	2002	2003	2004	To end Jan 2005		
Birmingham	[]	
Bristol						
Glasgow						
Islington				✂		
Liverpool						
SBE						
All venues						

Source: CC analysis.

*2002, 2003, and 2004 data are based on Academy financial year data (October to September).

8. Academy told us that Academy Events's promotions were for events in the small rooms at Birmingham, Liverpool, and Islington (Academy 2 and Bar Academy), and not in the main venues. We therefore examined the largest events that Academy Events promoted between 2002 and 2005. This analysis shows that the biggest ticket sales were generated by a Keane concert at Birmingham Academy in November 2004, which sold 2,700 tickets. This suggests this show was held in the main room at Birmingham, which has a capacity of 2,700, rather than the Academy 2 room which has a capacity of 600. However, the parties submitted that Academy Events co-promoted this event with SJM Concerts and that Academy Events received a [✂] payment. According to the parties, this was an example of an act which, once it became successful, moved on to one of the main promoters (but where the band wanted Academy Events to have some gain from the event, due to the band's relationship with Academy Events).

9. We found a number of other examples of events promoted by Academy Events at Birmingham and Liverpool which had ticket sales in excess of the Academy 2 venue capacities. At Birmingham Academy, between 2002 and 2005, we found a further

three events that hosted in excess of the Academy 2 capacity.⁵ At Liverpool Academy, where the capacity of the main venue is 1,200 and the Academy 2 venue is 500, Echo and the Bunnymen played in December 2004 to 1,227 people.⁶ The parties submitted that this event was co-promoted with SJM Concerts.

10. Although there were a number of examples where Academy Events appeared to have (co-)promoted events of considerable size, these were not for large artists commanding high ticket prices at that time. The highest ticket price was £18.50 and the highest artist fees were [redacted] for [redacted], and [redacted] for [redacted]. Figure 2 shows that 90 per cent of Academy-Events-promoted shows involved artist fees of less than £2,000. Indeed, Academy stated that the agreements that Academy Events negotiates with agents usually cover a relatively small fixed fee (normally £500 or less) and/or⁷ a percentage of net box office revenue (usually in the region of 80 per cent). Based on a ticket price of £10 and attendance of 200 people, this would amount to fees of £1,600 to £2,000 depending on whether the share of box office takings is added.

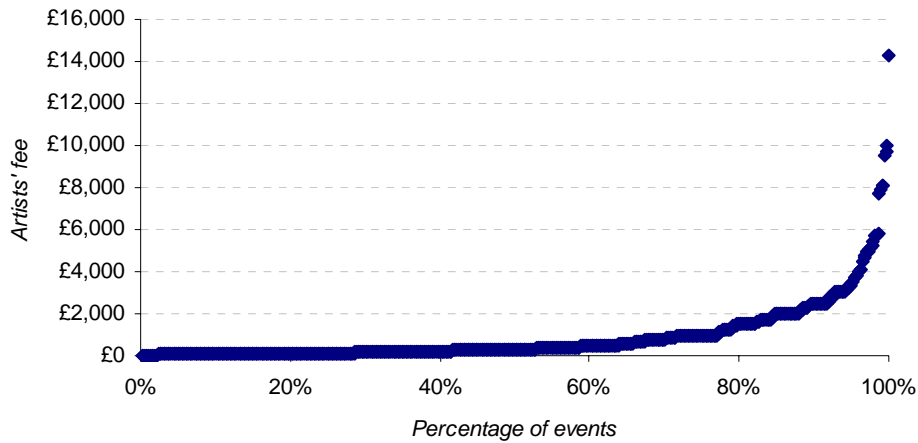
⁵Polyphonic Spree in November 2004 ([redacted] ticket sales), Love in February 2004 ([redacted]) and January 2003 ([redacted]). The parties submitted that Love was an example of an act which was not attractive to any of the main promoters because it was an old (1960s) act which had not toured in decades and which was subsequently picked up by a mainstream promoter (Barry Hogan).

⁶Similarly at Islington, we found some events promoted by Academy Events that were likely to have taken place in the main venue and not the Bar Academy.

⁷In some cases, the percentage of box office revenue is added to the fixed fee, and in other cases it is only paid if it is higher than the fixed fee. This will depend on the negotiations with the agent.

FIGURE 2

Distribution of artist's fee for Academy-Events-promoted shows, 2002 to 2005

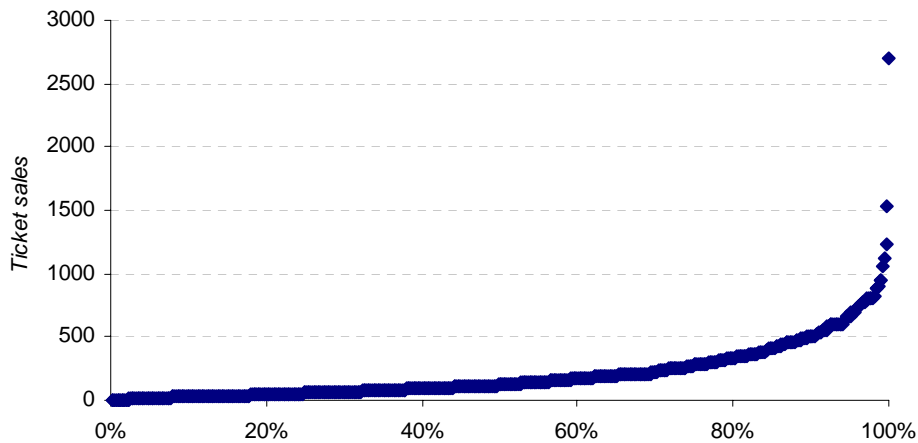


Source: CC analysis.

11. Figure 3 shows that 90 per cent of Academy-Events-promoted shows are for less than 500 people.

FIGURE 3

Distribution of ticket sales for Academy Events-promoted shows, 2002 to 2005



Source: CC analysis.

Live Nation's promotions business

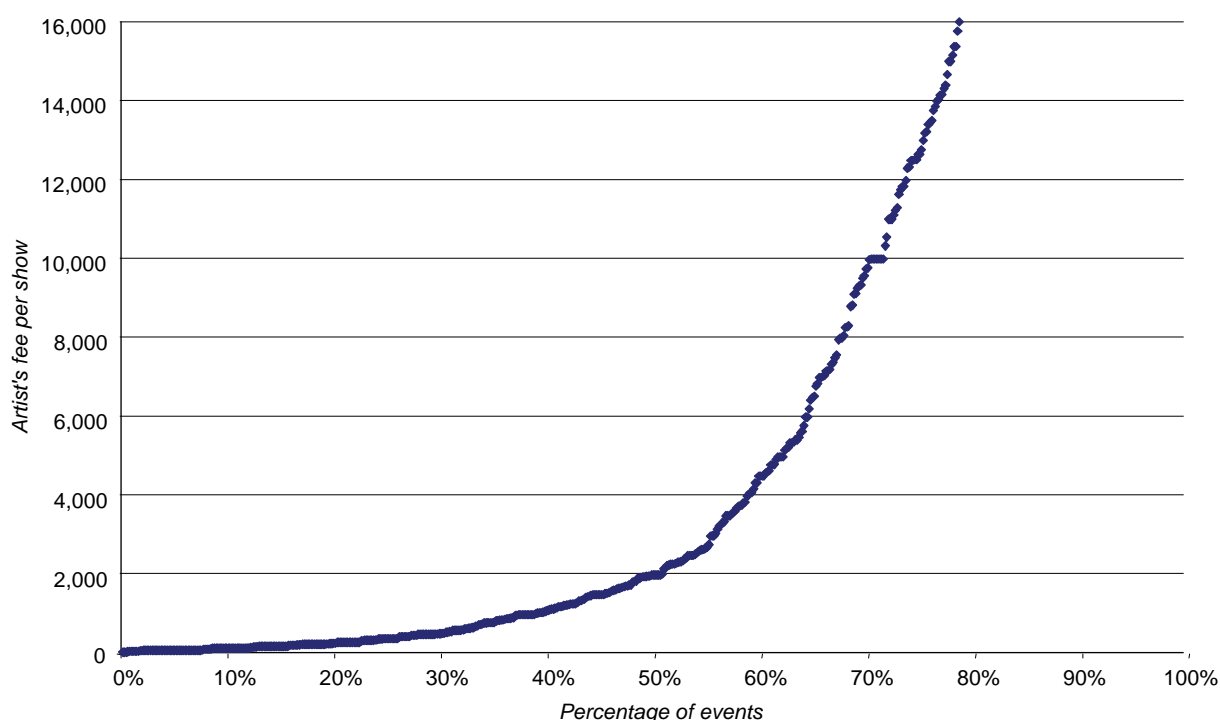
12. Live Nation operates a significant promotions business with external promotions in third party venues. The difference between Live Nation's and Academy's promotion

business is highlighted by the fact that in 2004 and 2005, Live Nation promoted only a small number of shows in Liverpool Academy (1), Birmingham Academy (3), and Islington Academy (21), where Academy Events was most active (promoting 319 shows in 2005, around 90 per cent of its shows).

13. Figures 4 and 5 illustrate the extent to which Live Nation promoted similar types of events to Academy Events. Figure 4 shows that about [X] per cent of Live Nation's artists earned more than £[X] a show, compared with [X] per cent for Academy Events. It also shows that, in terms of artist's fees, 50 per cent of Live Nation's business overlaps with 90 per cent of Academy Events.

FIGURE 4

Distribution of artist's fee for Live-Nation-promoted shows, 2004 to 2006



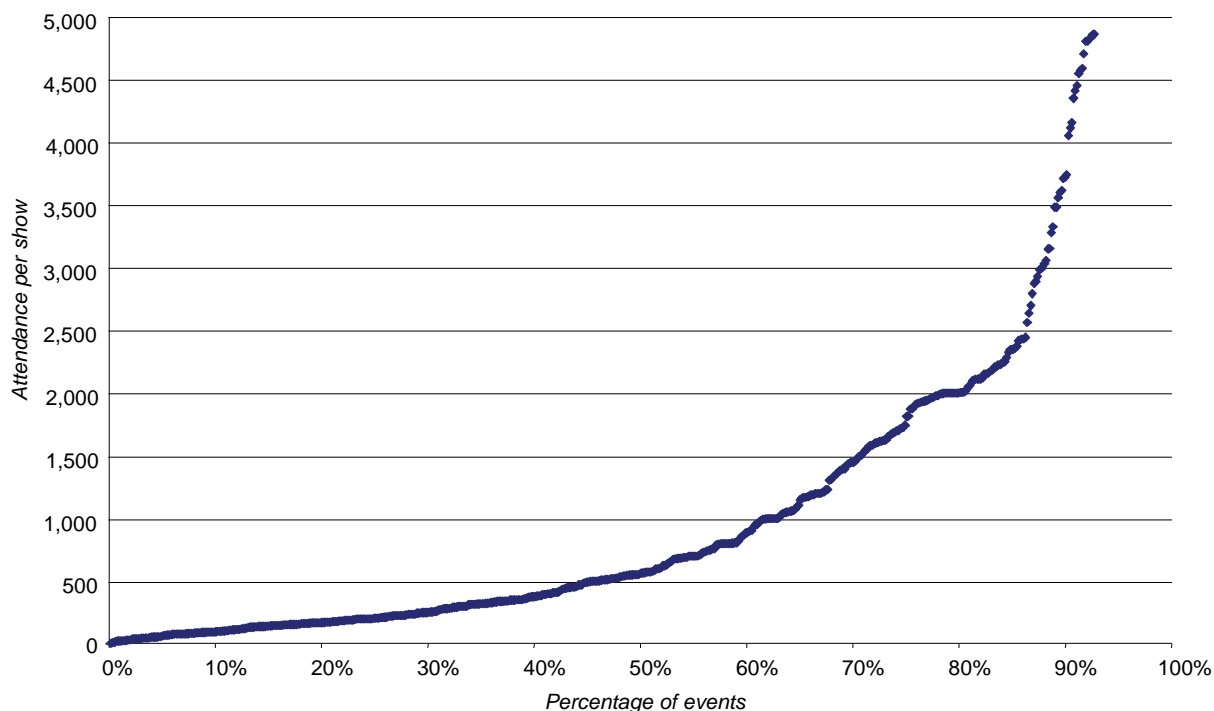
Source: CC analysis.

14. Similarly, Figure 5 shows that about 50 per cent of Live Nation's shows involved ticket sales of over 500, compared with 10 per cent for Academy Events. It also

shows that, in terms of ticket sales, 50 per cent of Live Nation's business overlaps with 90 per cent of Academy Events.

FIGURE 5

Distribution of ticket sales for Live-Nation-promoted shows, 2004 to 2006



Source: CC analysis.

15. The evidence above suggests that Academy Events tends to deal with smaller events than Live Nation. There appears to be some overlap in the types of shows they promote, but Live Nation promoted very few shows in the same venues as Academy Events. The parties submitted that Live Nation and Academy Events do not compete because Live Nation has not and does not bid for one-off events at Academy's smaller venues (ie the acts that Academy Events mainly promotes) and Academy Events does not bid for any of the tours that Live Nation bids for.

Hamsard

16. Since the acquisition of Mean Fiddler by Hamsard in February 2005, Hamsard/Mean Fiddler has not promoted live music events outside Hamsard venues. However,

Hamsard does continue to take direct bookings for events by artists/agents at its smaller venues (notably Jazz Café and Borderline) and has an in-house promoter to handle promotion services for such bookings. In addition, Hamsard/Mean Fiddler is promoting the Fleadh tour 2007 as a one-off and Hamsard also promotes the Reading/Leeds outdoor festival. The parties stated that Hamsard did not intend to promote other tours.

DF Concerts

17. DF Concerts promotes only in Scotland. Between 2003 and 2005, DF Concerts promoted 18 per cent of its shows at Glasgow Academy, suggesting the level of overlap with Academy Events is very small (Academy Events promoted only five shows in Glasgow Academy over the same period).