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CONCERT PROMOTION NOTES

Independent promoter must rent facility, hire act and collect money.

Most begin booking their own concerts and work their way up to college and professional events.

COSPONSORS

- Radio Stations – offer airplay, advertising time and personalities.
- Recording Companies – supply promotional materials, buy blocks of tickets (papering the house), publicists, buy print and/or media advertising and often will pay for artists' travel, hotels, meals.

ARENA SPONSORSHIP

- Venues will often offer multi-night scheduling and perks.
- When owned by city or municipality, sponsors and vendors must pay city a part of gross profit.

CORPORATE SPONSORS

- Want their name associated with that act.
- Gain exclusive right to sell their product at the venue.
- Lot's of money earned at concession stands and merchandising sales.

NATIONAL PROMOTERS

- Have expertise with local promoters and arrange local promotions with radio and retail outlets such as record stores.

Definitions

- NPs – National promoters.
- Scale of the house – seat prices.
- Net profit – profit after expenses. (NPs are paid a percentage of net. Local promoters get percentage of NPs take).
- “Net profit” is often highly disputed.
- SRO – standing room only.
- Technical Rider (rider) – Artist demands for performance including sound reinforcement and lighting requirements, back-line gear, accommodations, meals, backstage passes, comps (free tickets), etc.
- PR firm – public relations firm.
- Control sheets – a written guide providing a timeline (usually back-timed) of events or tasks to be completed.

COLLEGE PROMOTION

Colleges use student committees to run the college sponsored events. This is big business. Often, professional promoters are needed because of student's lack of expertise.

TRADE ASSOCIATIONS

NACA – National Association for Campus Activities. Represents more than 1200 colleges. Publishes *Programming* magazine.

NACA's annual convention provides a venue where promoters and record companies can feature their acts. Great place to make contacts.

BUDGET

- Venue/Landlord: flat fee or flat fee + (% of gross). Offers stage manager, box office manager, maintenance crew, security and ushers.
- Four-walling: Venue/Landlord offers stage manager, promoter hires everyone else independently.
- Number of seats: venues rarely get sold out.
- Promoters try to make break even point counting on 60% of tickets sold. This figure has been around since the 1800's.
- Star attraction.

CONTRACTS

- Promoters
- Artists via talent agents or managers.
- Venue
- Security firm
- Sound company
- Insurance coverage

TOUR MERCHANDISING

Hall fees – The amount charged by the venue for selling merchandise. Hall fees are usually a percentage of gross sales. Standard is 35 to 40% of gross.

US & Canada royalties for merchandise is from 26% - 40% of gross sales. Not affected by hall fees.

Most venues set a limit on hall fees. If the artist goes over the fee, the amount comes out of artist royalties. (i.e. Passman book p. 361-par.3)

Unless you ask, you won't get money refunded if you cost under the hall fee. The refund is usually negotiated between 50% and 75% of the savings below the hall fee.

Programs, due to the manufacturing expense, are paid on a % of net sales.

A new deal is to pay the artist a combined hall fee/royalty rate % of gross. If the rate is 70% and the hall fee is 35%, the artist would keep 35%. This situation implies a greater risk and greater possible profit.

Merchandising Advances

Pay over the course of a tour. You get an advance when you sign the deal, part of money at 1/3 of the tour, and the balance at the 2/3 mark of tour.

Merchandiser parameters

Date of start of tour

Number of shows

Number of cities

Number of people

Escape clause in case of cancellation, illness or other problems.

Advance based on projection of gross sales.

Term is usually 1 year (or length of tour) or recoup of advance which ever is longer.

Most contracts will specify the merchandiser stays on for length of tour even if money is recouped.

Artists need to negotiate the right to pay off the balance owed. If not, the merchandiser gets the next tour without paying an advance.

Payback/Interest

Artist must payback advance with interest if:

1. Tour starts late
2. Sickness
3. Artist doesn't meet performance minimum. (Artist does not perform for # of people specified, # of cities and/or venues, etc.) In this case, one can negotiate to pay using a pro-rata formula. Pay only based on number of people attending concerts.

Performance minimum or performance requirement means the required number of people who need to attend shows in order to fulfill the contract.

Merchandising success is measured by the **per-head** spending of the patrons.

Paid attendees – these people pay and therefore count.

Adjustments

1. Stadium shows – so many people and not all buy.
2. Foreign – usually less.

Merchandiser Exclusivity

Be careful to exclude retailers (record & department stores) and record company promotions or you could be in serious breach of contract.

Try to keep creative control of your products, likeness or image.

Sell-off rights

Merchandiser usually wants right to sell-off the left-over merchandise for a period of 6 months after the term of the agreement.

Points to negotiate:

- Sell-off rights are non-exclusive.
- Merchandiser can't stockpile. I.e. manufacture lot's of product at end of tour.
- No dumping. (Distress sale – selling cheap)
- You should be able to purchase your product at the end of the tour. Have the option to buy your product. If it's not selling, you don't want to get stuck with it. If it's selling, you may want to sell it to the next merchandiser.

Retail Merchandising

Small vendors will license and sell to distributors. They will keep a % and pay you the balance of sales. Middlemen.

Your royalties are about:

- Retail = 10% to 20% of wholesale price.
- Mail-order = 25% of price charged.

Deal Points

- Approval of item.
- Approval of likeness.
- Approval of design and layout.
- Restrictions on sell-off rights.
- Right to purchase merchandise at end of term if you so choose.