Yourope Members Survey 2019

In the second half of 2019 Yourope again undertook a members survey in order to evaluate market results and findings regarding last year's festival season and beyond.

Yourope, founded in 1998, is the leading association for popular music festivals, representing nearly 100 live events and associated members in 26 European countries.

Executive Summary

2019 completed a decade and finally paved the way into the beginning of a new era in the music sector. The digitalisation of the recorded industry lead into the streaming age, while the concert sector as part of the "Experience Economy", is facing a new phase of gradually growing corporatisation and consolidation.

The term "Experience Economy" is a business philosophy, being brought up by the authors Joseph Pine and James Gilmore in the late nineties, describing and defining a business field of "Beyond Goods and Services."

More recently and even more meaningful for the concert sector is the increasing involvement of the financial sector causing significantly structural changes in terms of the sizes of enterprises and entrepreneurial settings.

What started in the late nineties with the debuts of stock market listed concert companies such as SFX Entertainment at the New York Stock Exchange or DEAG at Frankfurt Stock Exchange has meanwhile reached new levels since private equity funds and venture capital companies discovered the live entertainment sector as potential investment opportunities.

A process the record industry underwent similar and earlier, but nevertheless differently, is now approaching the concert business. The number and dimensions of external investments by non-music companies is and will be increasing and is besides other economical and cultural factors affecting the business environment for music festivals at the beginning of a new decade.

The pace for this process is mainly set by and within the Anglo-American area of the music sector and is slowly but steadily reaching the music sector in the European Union.

The Yourope Members Survey 2019 is in parts mirroring these developments, but still yet it is its members who provide the cultural stages for European artists and audiences.

Data Assembling Period - September - December 2019

January 10, 2020

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1 THE SETTINGS OF MUSIC FESTIVALS

1.1 New Members for Yourope

Yourope welcomes six new festivals as regular members, underlining its relevance as the leading association for festivals dedicated to popular music in Europe.

The new members are:

Atlas Weekend - Ukraine
Flow Festival - Finland
Full Force - Germany
Open Ar Gampel - Switzerland
Splash - Germany
Wild Mint - Russia

Yourope therewith represents members in 26 European countries. Its members are boutique festivals as well as large scale live music events, out- and indoor events, who all have in common that they are classified as festivals.

The vast majority of the Yourope members in fact are open air events, causing that most events take places in the summer season, predominately in June, July and August.

It is furthermore the only pan-European association that looks after the interests of festivals featuring popular music and its associated genres. As popular music by far extends for young European citizens it is one of their preferred types of culture, the members of Yourope and by their events contribute a highly valuable asset to the cultural inventory of Europe.

Notable to be mentioned is furthermore that music festivals in Europe over the last fifty years have evolved in terms of numbers of events and audience figures better than in other countries of the western hemisphere.

Yourope and its members contribute and are part of this development, serving artists and audiences equally, simultaneously culturally and economically.

1.2 Consolidation Drives Concentration

In the light of the Executive Summary of this annual report it is necessary to elaborate on recent developments in the music sector that will define challenges and developments that matter for music festivals in the near future and explain some of the current results within this report.

Besides the growth of corporate concerts companies over the last twenty years it is worthwhile to highlight the consolidation process that is ongoing within the arena and venue segment[1] and even more within the segment of artist agencies.

Especially in the US and UK a high number of mergers and acquisition[2] in these parts of the live music sector causing a rearrangement and created new dimensions of its economical settings and structures.

Besides since year's raise in artist fees, this development already has a significant impact on the availability of artists for festivals. Yet, the market concentration within the segment of artist agencies cannot be compared with the market domination as to be seen in the record industry with only three major record companies left.

Historically and even nowadays the success of music festivals often corresponds with the artistic and entrepreneurial abilities of impresarios, who conduct and compile a line up of artists or their events that applies to meet the interests of an audience.

This version comes more and more under pressure, since new and bigger networks of concert companies reshuffle their artist portfolio according to the requirements of a more value chain driven business policy.

As mentioned, this process still is at its beginning and not on such a considerable level as it was seen in the record industry. There are as well other components that contribute to the conversion process within the live music sector.

Related therewith and to a certain extent relevant is furthermore the market concentration within the segment for the distribution of recorded music. Within just twenty years a very few players operating streaming platforms for music have been able to replace more or less the retail sector for recorded music.

The same applies for the media sector, where a few social media platforms caused a sharp decline of an once versatile landscape of music magazines and music journalism.

[1] https://www.musicbusinessworldwide.com/aeg-facilities-and-smg-complete-merger-to-create-asm-global/
[2] https://www.vip-booking.com/vip-news/pdf/02-19.pdf Sales Times in the Concert Industry - Page 22-24

1.3 Corporatisation Drives Competition

The consulting firm PricewaterhouseCoopers (PwC) estimated that the global revenue for the live music sector until 2023 will grow to up to $31 billion[3]. In 2018 the combined revenue of the two biggest corporate concert companies mounted up to more than $12 billion. Both companies as well run their own ticketing divisions and expanded their network of companies in 2019 continuously by further acquisitions.

On one hand these figures describe the financial dimensions of the live music sector as part of the "Experience Economy" in these days. On the other hand they are also an indicator for the settings of the economical environment within the live music business.

Simultaneously the financial industry increased its numbers of investments in live music companies and related business fields, additionally supporting the financing for the aggregation of existing and new multinational concert conglomerates. From a European perspective it is to be mentioned that it is mainly US capital[4] that is triggering and steering this proceedings.

Festivals in Europe are confronted with these developments in various forms, which mainly result in tougher competition for artists and audiences. European festivals that have already become part of a conglomerate are by this as well affected as festivals that do not belong to a corporatized network of companies.

The availability of financial resources is widening the gap of opportunities between bigger and smaller festivals and is increasing dependencies. Other aspects such as fiscal advantages for multinational companies or the deployment of centralized business strategies by larger company networks is leading to an amendment of the settings for the competitive environment in the live music sector.

Yourope, as a European association, represents smaller and bigger music festivals, serving them with its programmes and projects, among others such as the "YES Group", the Health & Safety Section of this organisation, the "Go Group" with its “Green’n’Clean" mission, or "EMAC", the "European Marketing & Communication Group" equally.

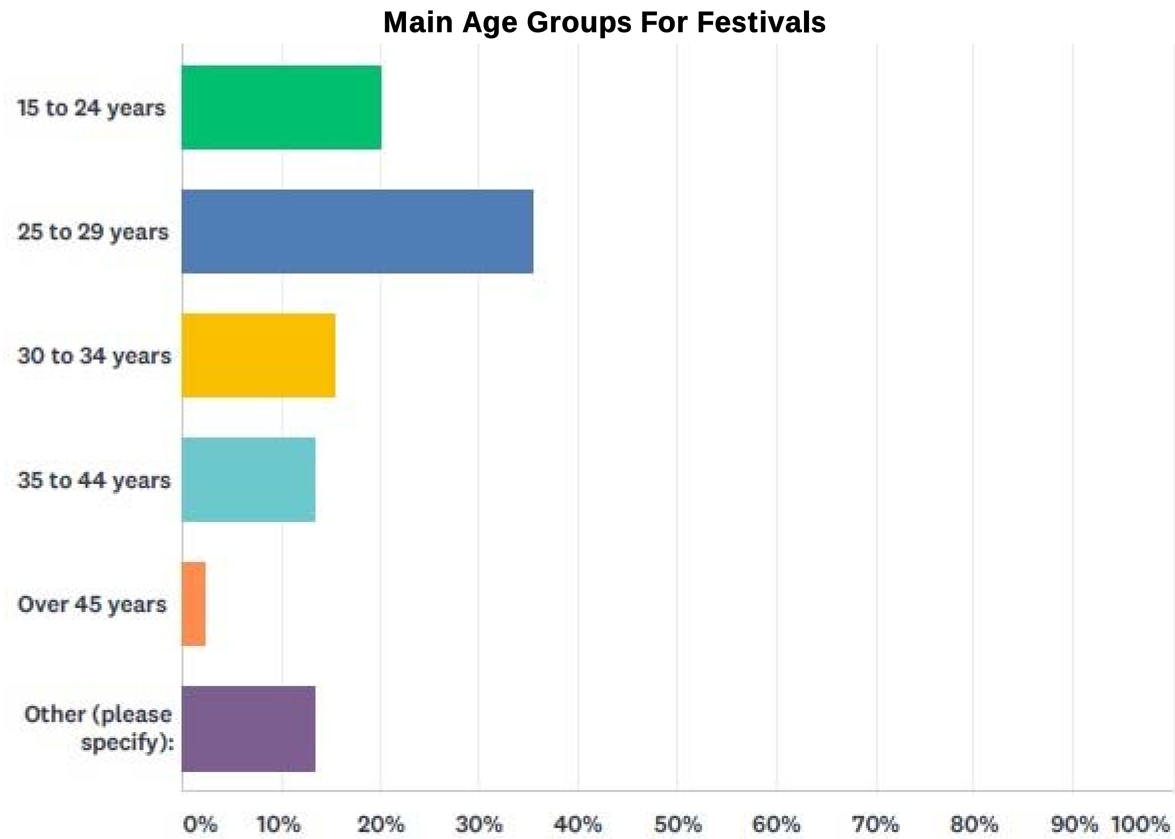
Despite increased corporatisation and competition, these and other efforts by Yourope contribute to maintain the cultural identity and quality of festivals in Europe by the exchange of information and knowledge, which are equally meaningful for smaller and bigger live music events.

[3] https://www.iq-mag.net/2019/09/global-live-music-ticket-sales-top-25bn-pwc-outlook-2019/#.Xho-Of5Kjcs
[4] For example investments by TGP Capital: https://www.hollywoodreporter.com/news/hollywoods-cash-machine-are-tpg-capitals-investments-paying-1246032

2 THE AUDIENCE AND ITS PREFERENCES FOR YOUROPE FESTIVALS

2.1 The Audience for Festivals Remains Young

The combined result for the age groups of 15 to 24 years and 25 to 29 years old festival goers sums up to 55.5 percent.



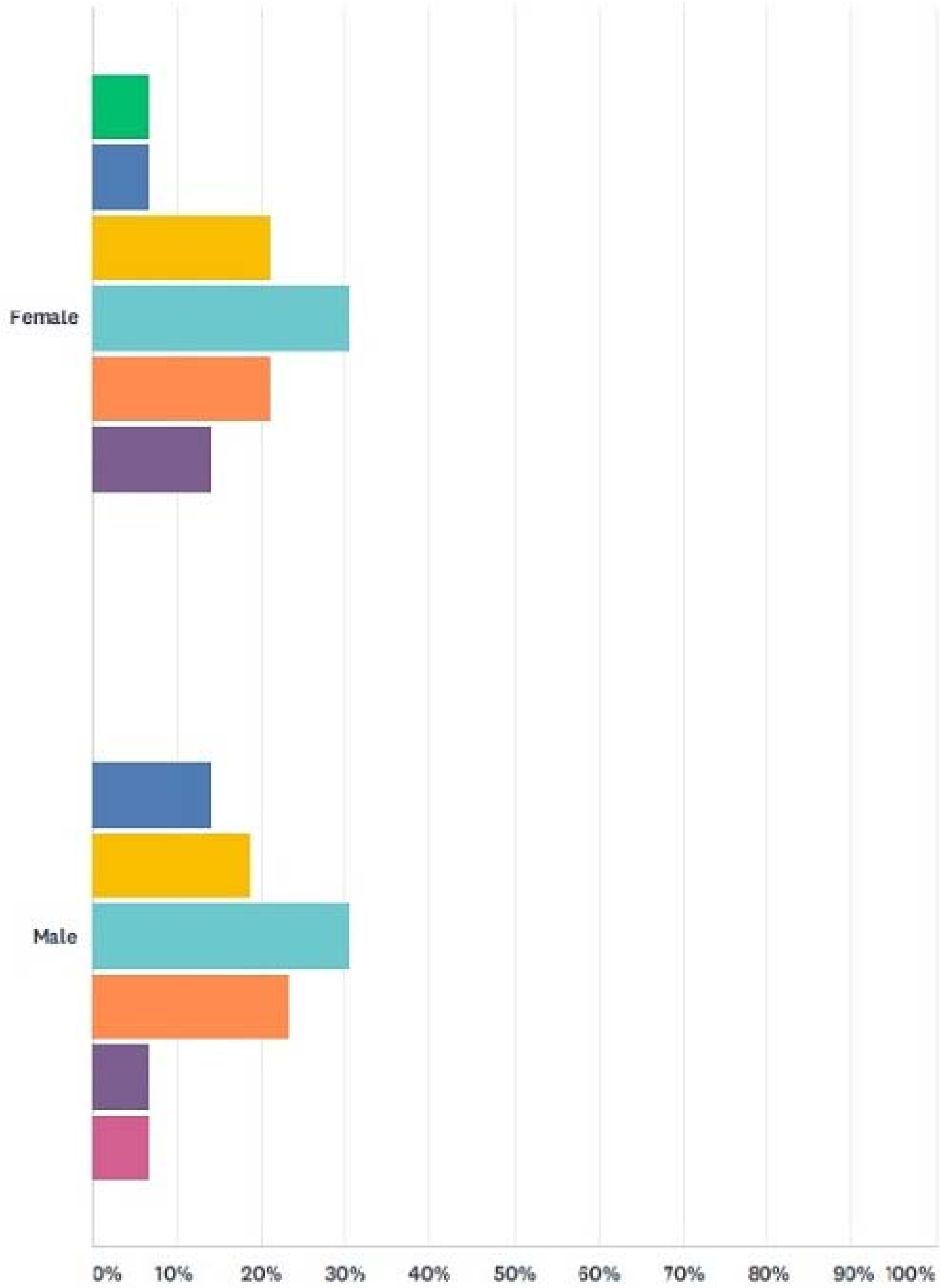
Younger age groups remain to be the dominant interest groups for music festivals, but apparently also the percentage of age groups above 30 years is rising, showing that festivals are able to attract music fans when becoming older.

The results in detail, in brackets results from 2018:

Age groups	15 to 24 years	25 to 29 years	30 to 34 year	35 to 44 years	Over 45 years
	20.00 % (25.00 %)	35.56 % (48.08 %)	15.56 % (11.54 %)	13.33 % (11.54 %)	2.22 % (3.85 %)

2.2 The Gender Mix

The question regarding the gender reveals for 2019 a more diversified answer:



In detail the mix varies according to the festival type related with the artistic profile of the event.

Gender up to:	30 %	40 %	45 %	50 %	55 %	60 %	70 %
Female	6.98 %	6.98 %	20.93 %	30.23 %	20.93 %	13.95 %	0.00 %
Male	0.00 %	13.95 %	18.60 %	30.23 %	23.26 %	6.98 %	6.98 %

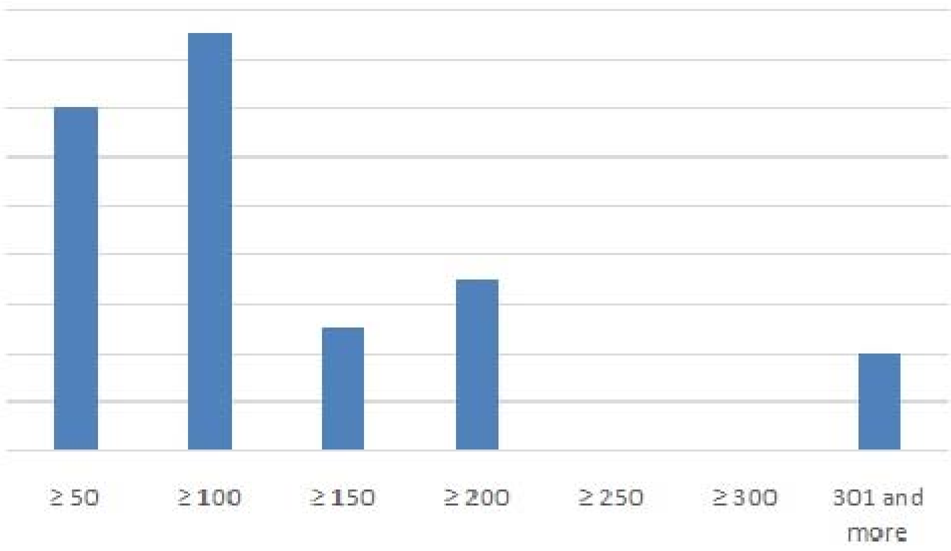
While the most frequent mix is 50/50, the weighted average shows with a score of 3.30 compared to 3.14 a slightly higher number for more male visitors.

3 THE EUROPEAN DIMENSION OF YOUROPE FESTIVALS

3.1 More than 100 Artists per Festival

The average number of performing artists per festivals went up from 97 to 118. Showcase festivals are usually those events having performances by large numbers or artists. Quite common are festivals presenting four stages, while there are as well events that offer besides one and two main stages up to 10 or even more stages featuring a multi-genre programme.

Artists per Festival

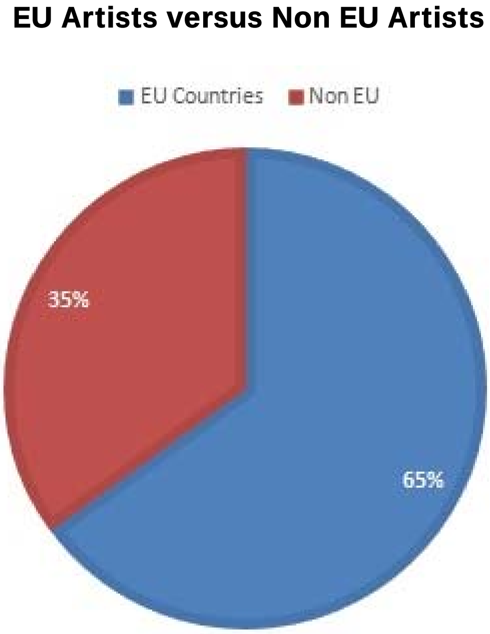


3.2 The number of EU-Artists on Yourope festivals is rising

In 2018 the percentage of EU-artists reached 54 percent, in 2019 this number went up to 65 versus 35 percent of Non-EU artists. There are various reasons for it, among others one is the lack of availability of international headliners in parts absorbed by an increased demand for domestic or popular local artists[5].

Up to a certain extent another reason is that artist fees meanwhile increased significantly that festival promoters are economically forced to take on more affordable acts, which might not be so popular, but at least contribute to the artistic programme and profile of a festival.

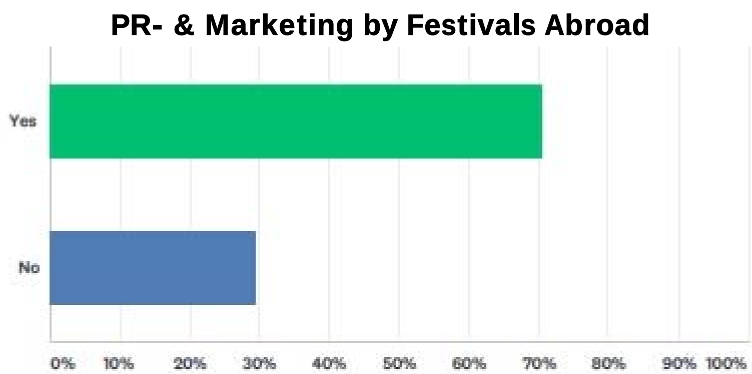
[5] https://www.ifpi.org/downloads/Music-Listening-2019.pdf



3.3 Yourope Festivals reaching out towards a European Audience

It speaks for the festival members of Yourope that 70 percent of them are promoting their events abroad. This number remains the same as in 2018 and is a strong indicator how these music festivals are approaching and serving an European audience.

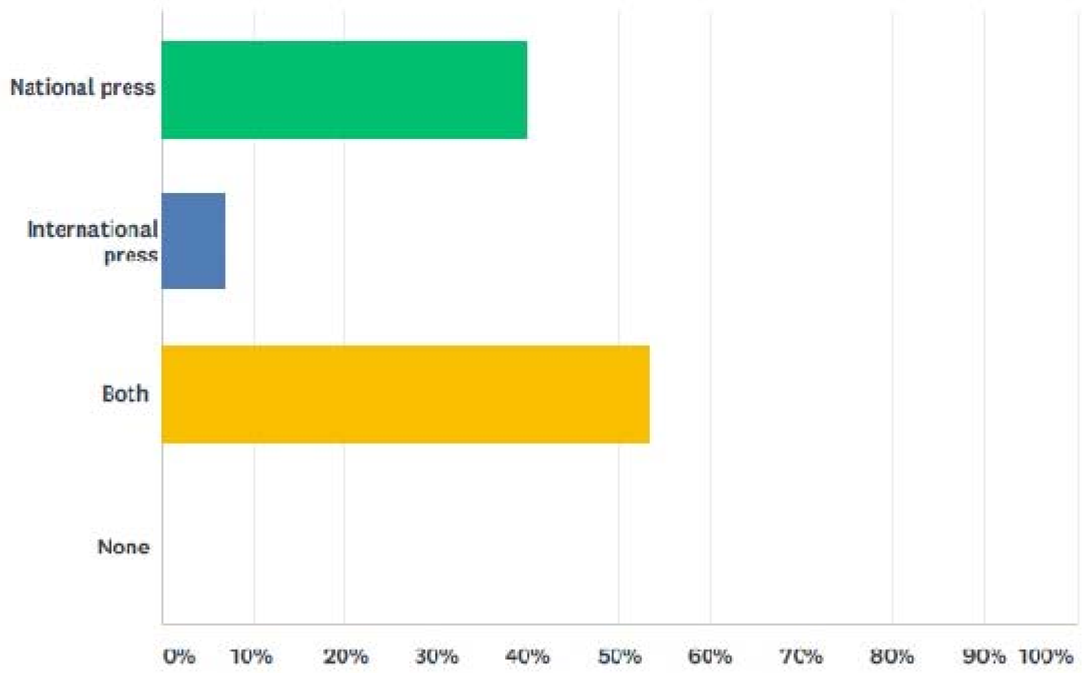
It also shows how festivals contribute to young Europeans discovering Europe by attending these events. This serves as a not to be underestimated aspect in opposition towards nationalistic tendencies in various European countries.



3.4 Gaining Media Attention Abroad

Since the media landscape changed rapidly, it does not become easier to obtain media coverage. But popular music is a popular subject and a topic of interest especially for younger people.

Overview Media Coverage



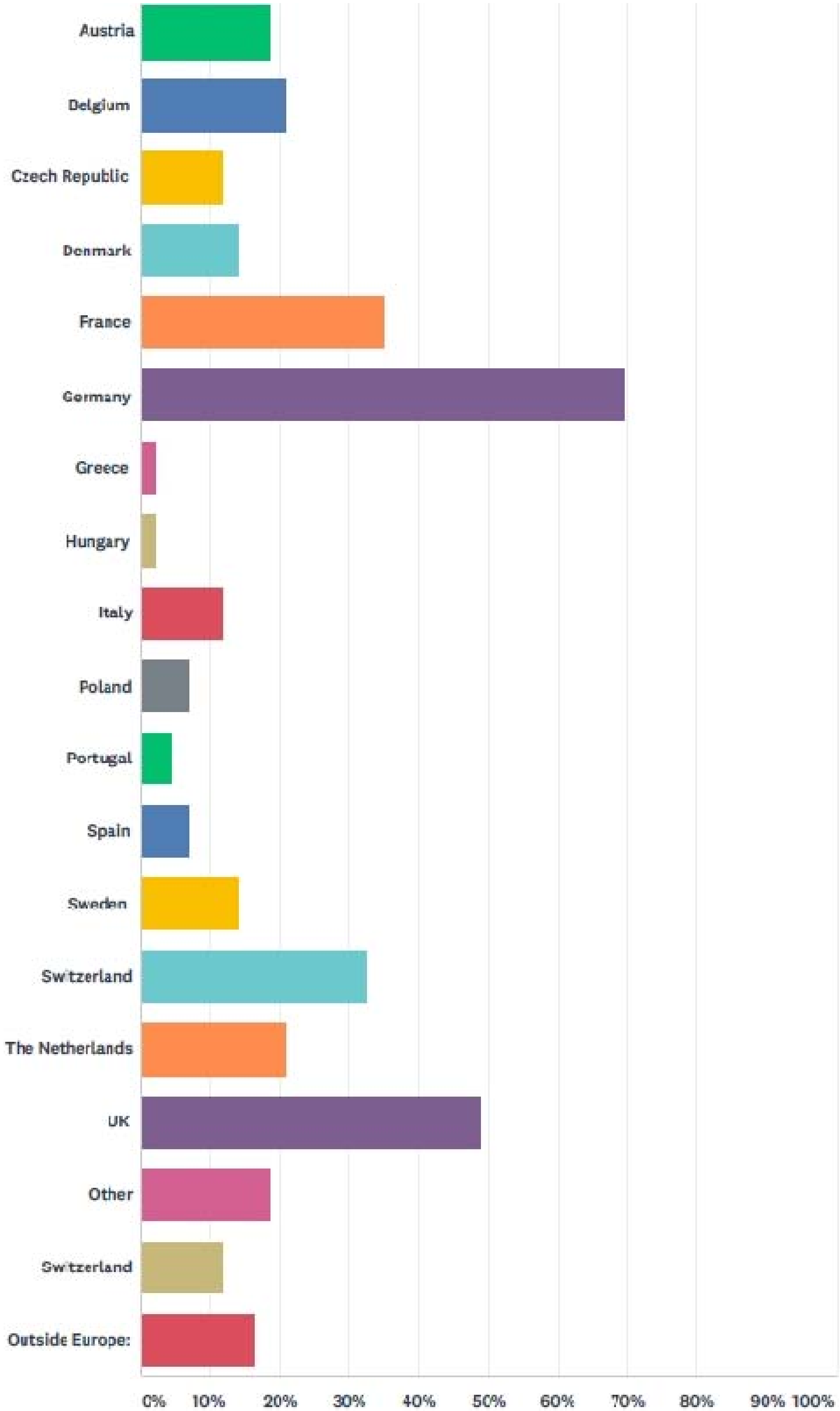
In terms of numbers regarding editorial consideration for festivals in media outlets, these figures only changed slightly within one year: 53 percent (2018: 52 percent) of the events receiving news and reviews by domestic as well as foreign media outlets.

Coverage by national press went up from 34 to 40 percent. However, depending on the location of festivals itself and the definition of "International press", this figure went down from previously 14 to 6 percent.

3.5 The Top European Countries to Promote Festivals Internationally

The current results for the annual report 2019 by Yourope in this section does not show significant changes, except perhaps the fact that last year festival promoters increased their efforts to promote their events in the UK. For 2018 this figure was 39 percent, in 2019 it is 48.8 percent.

Germany with 69.7 percent (71.7 in 2018) still maintains its leading role as the most interesting market to promote European festivals. France went up by three percent to 34.8 percent, while most festivals located in smaller countries regularly address audiences in neighbouring countries.



Countries by percentages

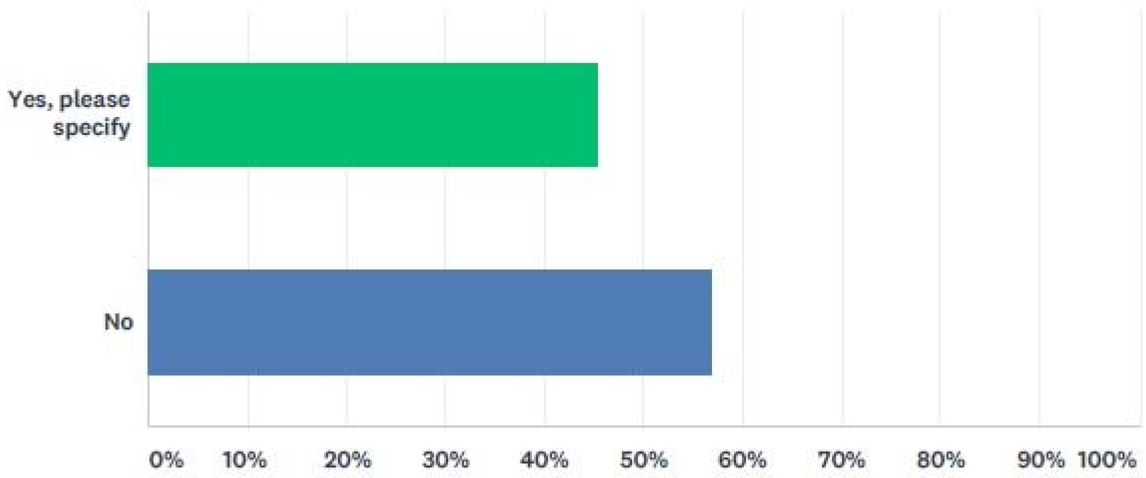
Germany - 69.7 - (71.7) Percent
UK - 48.8 - (39.1) Percent
France - 34.8 - (30.4) Percent
The Netherlands - 20.9 - (23.9) Percent
Belgium - 20.9 - (19.5) Percent

Austria - 18.6 - (17.3) Percent
Sweden - 13.9 - (10.8) Percent
Denmark - 13.9 - (10.8) Percent
Italy - 11.6 - (10.8) Percent
Czech Republic 11.6 - (8.7) Percent

3.6 Marketing Today: Awareness by Algorithm

Since music media has become an endangered species, new and continuously changing marketing measures and communication strategies are required to obtain awareness for festivals and its inventory.

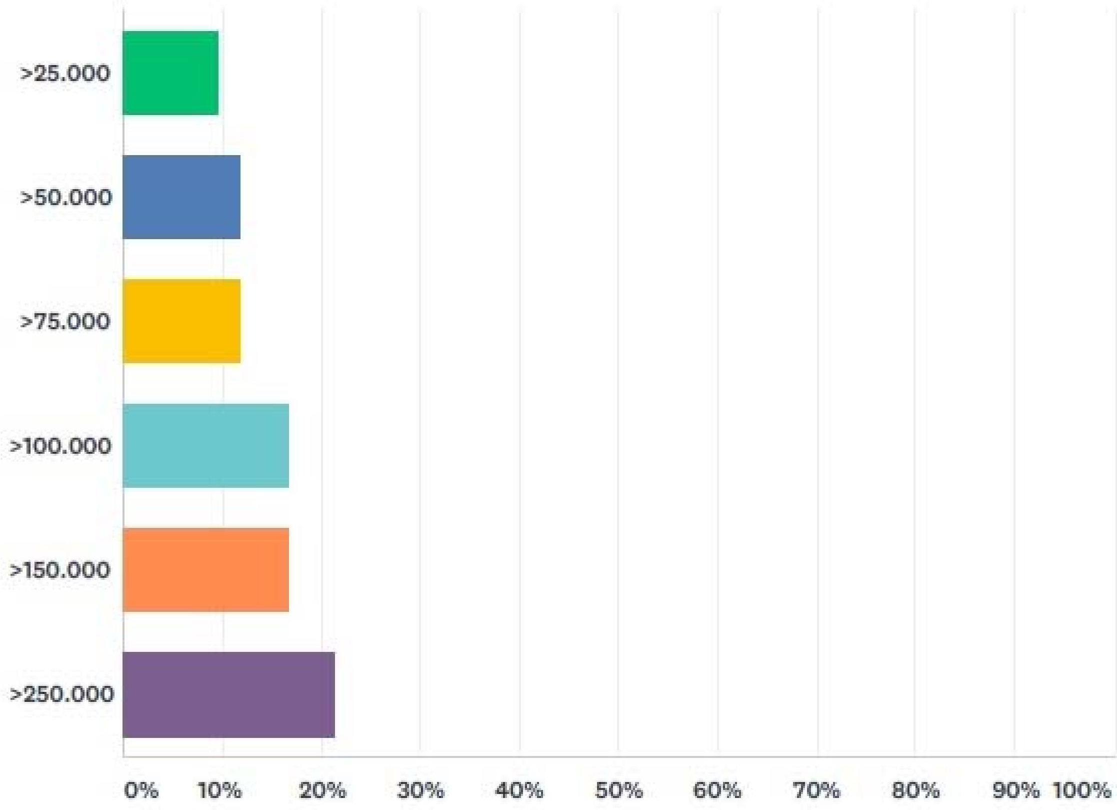
While ad-rates for online/social/digital media apparently suppose to slow down[6], the questions remains, if festival promoters have increased their marketing budgets.



The majority of festival promoters (56 percent) did not increased their marketing spending, but 44 percent did.

[6] https://www.theguardian.com/media/2019/jul/22/internet-advertising-grow-digital-scandals-facebook-google

Overview About Marketing Budgets By Festivals



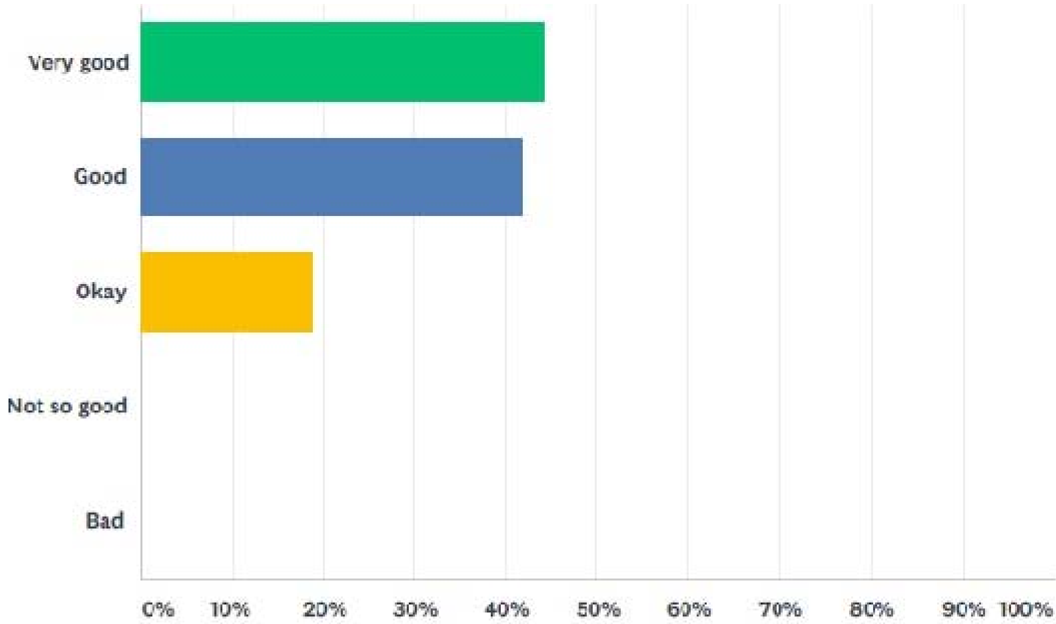
At least 22 percent invested more than 250.000 Euro to advertise their events, 17 percent each went for the price categories 100.000 and 150.000 Euro, another 13 percent each around 50.000 and 75.000 Euro and just and just 9.5 percent around 25.000 Euro.

4 STRUCTURAL AND ECONOMICAL SETTINGS OF YOUROPE FESTIVALS

4.1 Ratings Regarding the Collaboration with Institutions

It seems to get better. For the 2019 report festival promoters considered the collaboration with public authorities in principle better than in 2018.

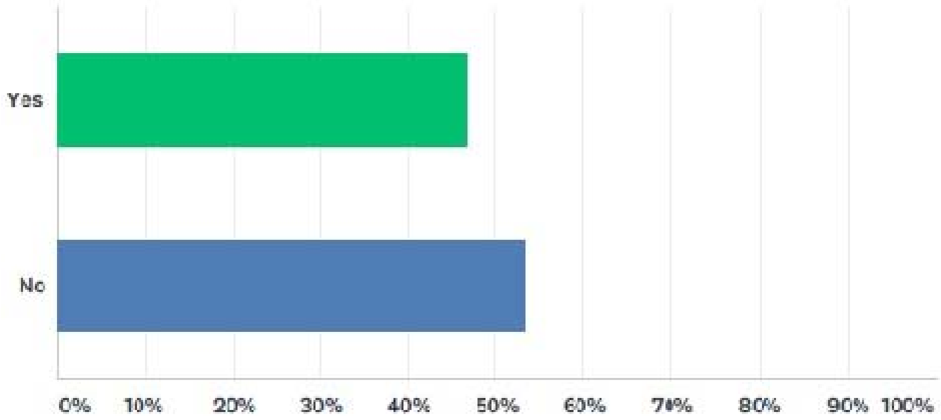
Ratings for the Collaboration with Public Authorities



The results for this opinion poll show overall a positive rating: The assessment in the categorie "Very Good" moved up to 44 percent (previously 35 percent), the one for "Good" decreased by one percent down to 42 percent (43 percent). The rating "Okay" moved up from 16 to 18 percent, no submissions this time have been given in the categories "Not So Good" (4 percent) and "Bad" (2 percent).

4.2 Public Subsidies for Festivals

Differently than last year's results, the number for festivals that do receive public funding or support this time went down. Only 46 percent of the festivals organized with Yourope receive public grants or subsidies, compared to 54 percent who apparently don't get any public support.



Coherent and worthwhile to be mentioned support programmes for the live music sector are only installed in France and the Benelux. But there are positive examples in other cultural sectors, that show that how cultural policies can be developed to provide funding structures and schemes in favour of the creative economy.

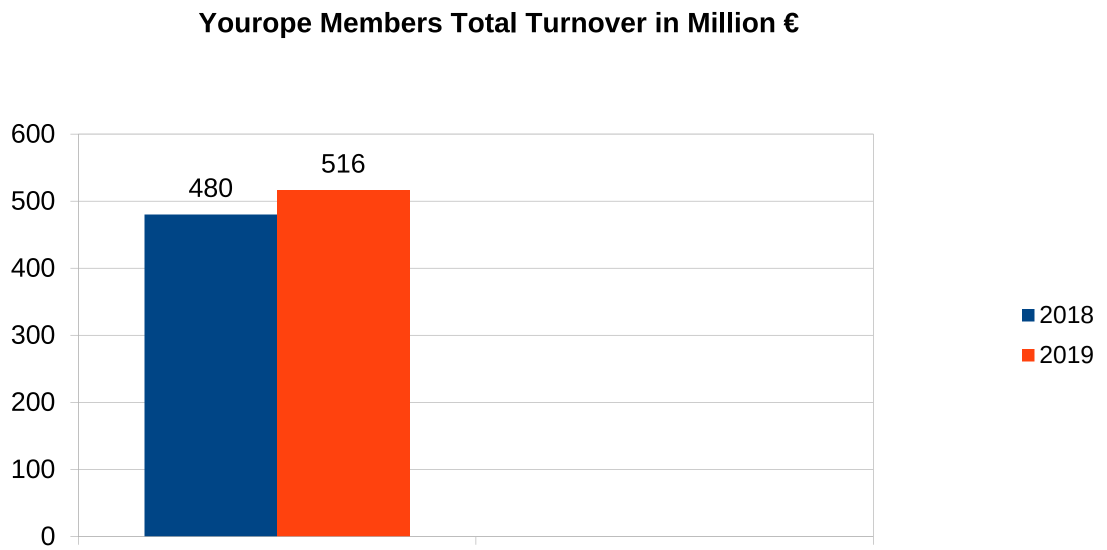
Best example therefore is the EU-programme "Media"[7] as part of Creative Europe for the European film and audiovisual sector that supplies made to measure support strands for film festivals and cinemas. The allocations for this part of the creative industries in the current EU budget period 2014 - 2020 sums up to 824 million Euro.

[7] https://ec.europa.eu/digital-single-market/en/media-sub-programme-creative-europe

4.3 Business Results and Generated Turnover by Yourope Festivals

The reported turnover is slightly up, despite lower ticket sales. The increase is related with higher gains due to increased ticket prices, better results and earnings due to sponsoring fees and food & beverage income as described in "4.6 - The Identification of Growths."

With an increase of 7,5 percent the accumulated turnover moved up from 480 million the year before to 516 million Euro in 2019.



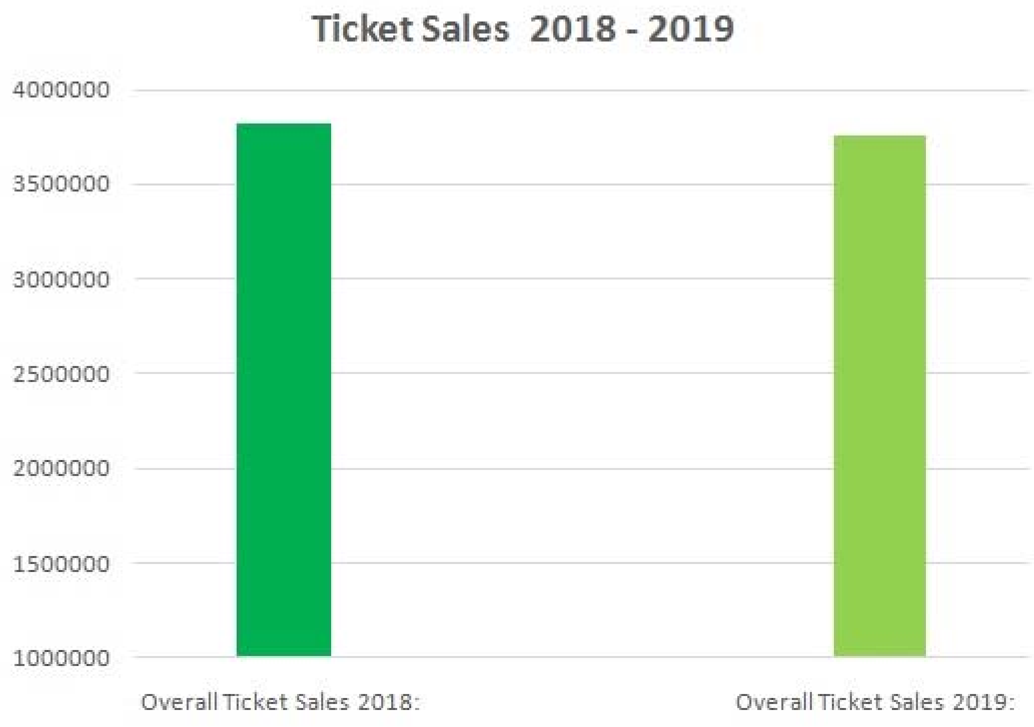
4.4 Ticket Sales Decreasing

Last year figures for ticket sales show a minor decrease . The overall result is still on a high level, but the result is nevertheless remarkable. It is the first time in years that festivals are facing lower sales figures than in previous years.

Already at the beginning of 2019 some festivals reported slower pre-sales results while a few others reported "sold out"- results long ahead in advance. Crucial for large scale are in particular popular headliner acts.

Interestingly to mention is that the trade magazine Pollstar reported for 2019 "a year that saw new records set in gross revenue[8]" in terms of the results covered the its "Top 100 Touring Chart."

It is an economical driven decision by artists and their managements either to play an extensive tour with several arena or stadium shows, or to play less shows on festivals.

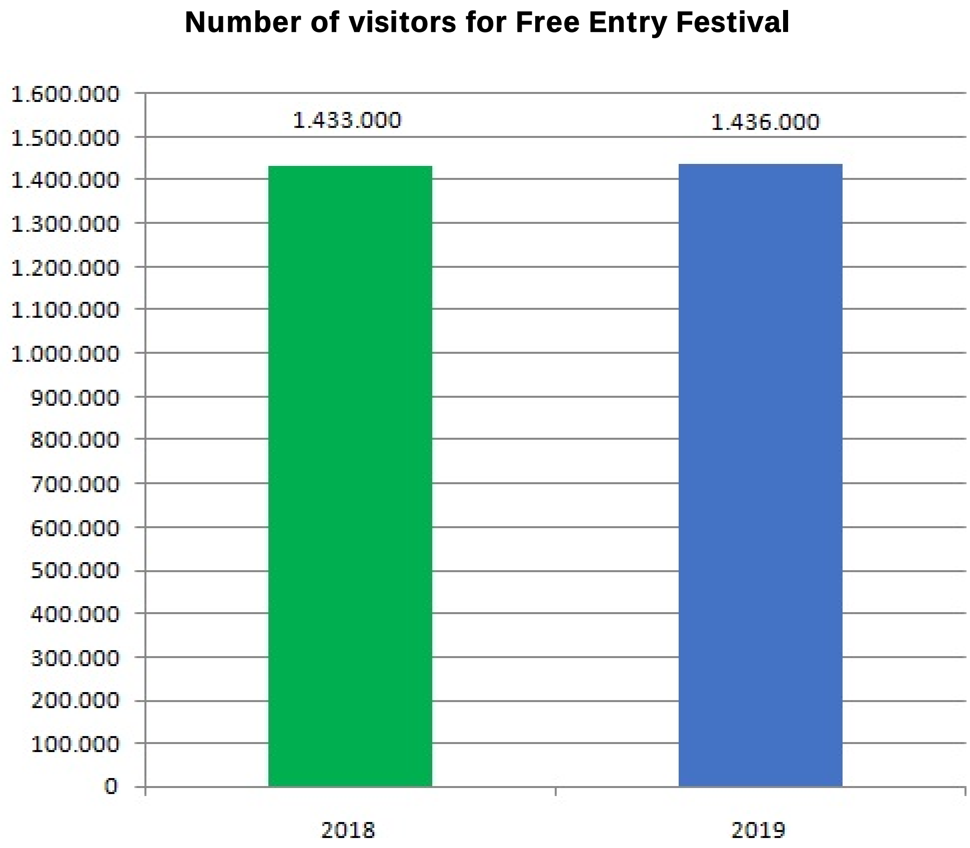


In detail the figure for ticket sales in 2019 went down from 3.87 to 3.75 million tickets.

[8] https://www.pollstar.com/article/pollstar-2019-year-end-special-142982

4.5 Visitor Figures for Free Entry Music Festivals

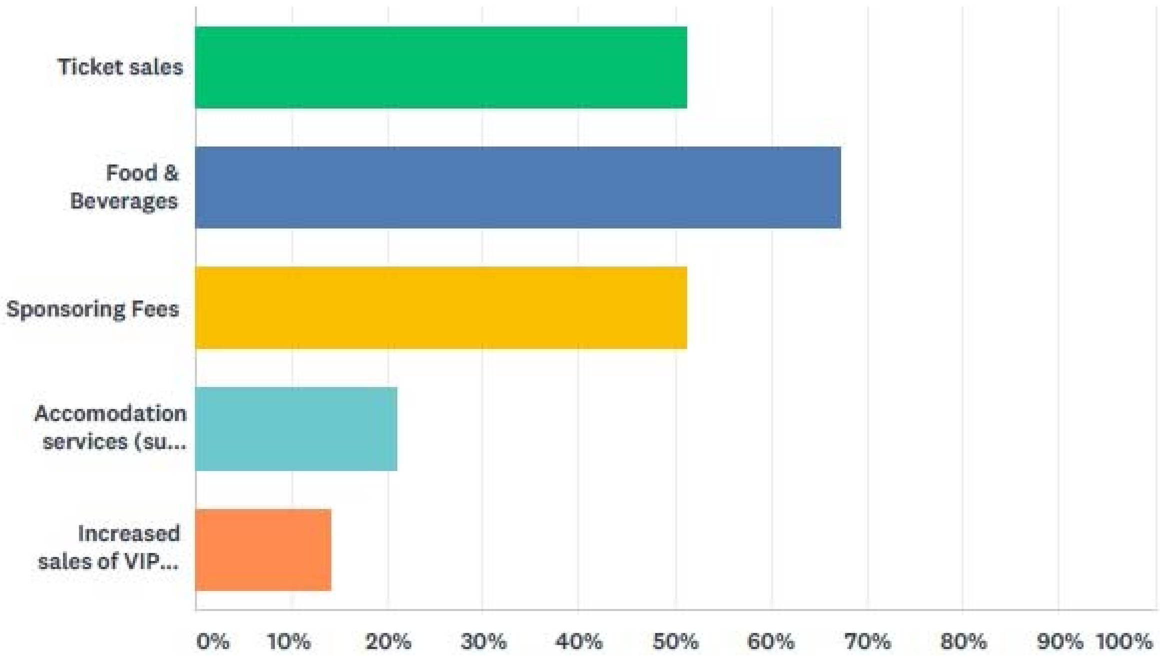
Festivals with free entry are a special format, have a different artistic profile, but nevertheless high visitor figures. For 2019 the overall visitor figure remain almost exactly the same as in 2018.



4.6 The Identification of Growths

Despite the fact of slightly lower ticket sales, the majority of festival promoters have been able to increase their ticket sales results. This might be related due to a higher ticket prices or due to higher tickets sales. Eventually and in the best case if both options apply.

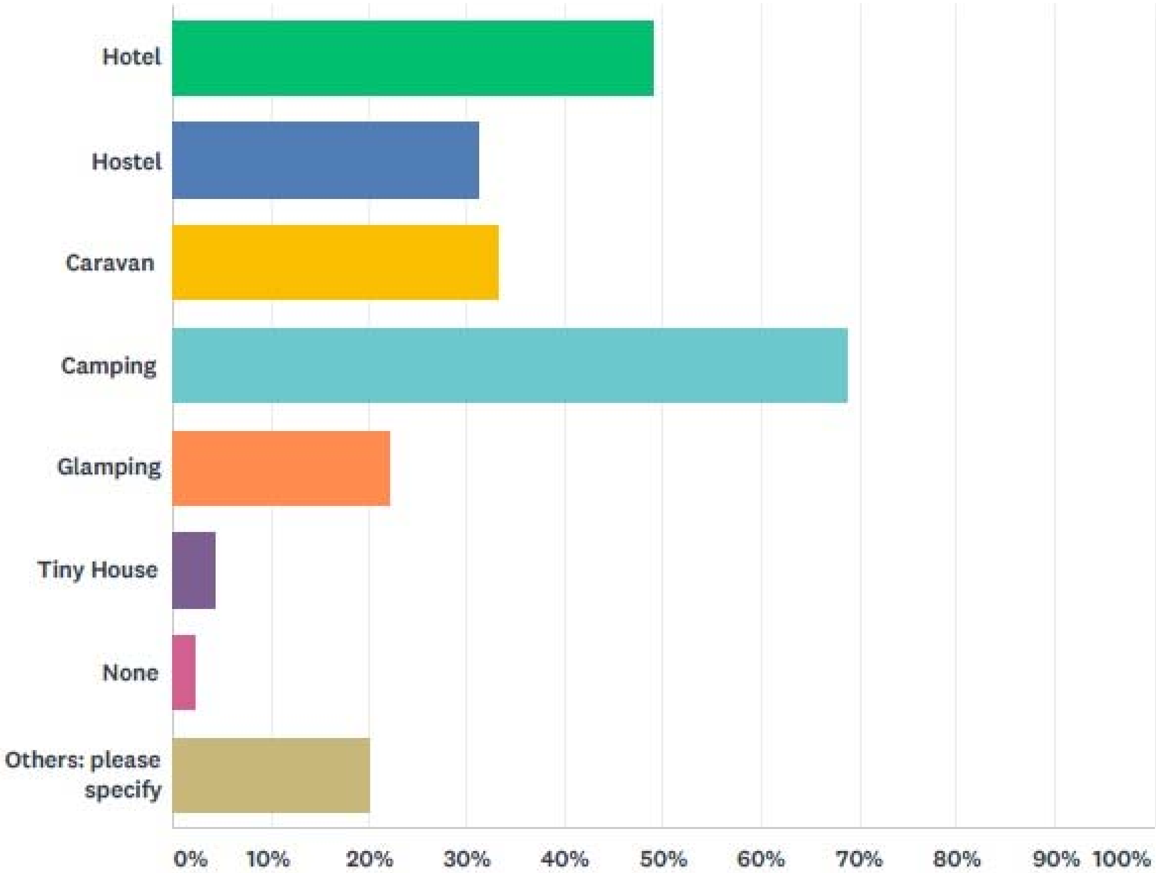
However, the biggest gain is to be seen in with the food and beverage segment for festivals, income by sponsoring fees apparently also went up, followed by accommodation services and better sales of VIP-arrangements and services.



67 percent of the promoters declared that they reported better income results due to food & beverages, 51 percent each in reference to ticket sales and sponsoring fees, another 21 percent in terms of accommodation bookings and 14 percent due to better sales of VIP-tickets.

4.7 Type of Accommodation on Festivals

Most Yourope festivals are outdoor events lasting several days. For promoters of such events it is necessary to provide accommodation arrangements for its visitors according to their preferences and local opportunities.



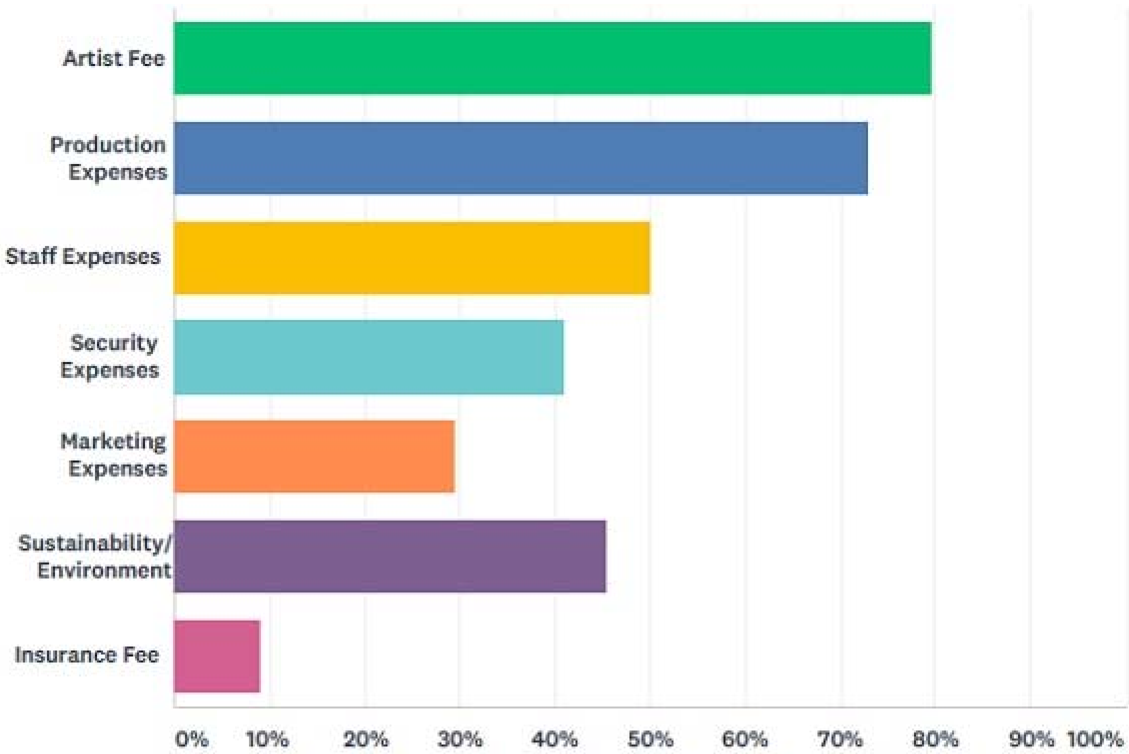
Compare to 2018 the demand for camping offerings increased slightly, going up from 65.3 to 68.8 percent. Hotel bookings instead went down from previously 59.6 to 48.8 percent.

Glamping, the comfort version of camping, including better sanitary and gastronomy facilities went up of one percent towards 22 percent, even another additional four percent since for the first time festival promoters have been asked, if they are offering so called tiny houses for accommodation on their events. In reference regarding the steady rise of accommodation portals for private accommodation and apartments, "Others" went up from 17 to 20 percent.

4.8 Economical Concerns and Considerations

There is a reason why Forbes Magazine[9] is publishing an annual ranking of artists and musicians as top earners. The live music sector has foryears replaced recorded music as the main income source for artists and differently than ticket prices for theatre, opera and classical music, the one for concerts and festivals with popular music significantly went up within the last twenty years.

For the annual report 2019, Yourope asked its members where the experienced rise in expenses compared to 2018.



With a result of 79 percent, festival promoters declared rising artist fees as matter of expenses, followed by 72 percent for higher production costs, 50 percent for staff and labour expenses, 40 percent for security services, 29.5 percent for marketing spending and 45.4 percent for costs to run their events environmental friendly.

Just only nine percent experienced increased insurance fees, but those already went already up previously due to the summer seasons 2015 and 2016 when heavy weather incidents caused several cancellations and damages.

[9] https://www.forbes.com/sites/zackomalleygreenburg/2019/12/06/the-worlds-top-earning-musicians-of-2019/

4.9 The Supply Chain for Festivals on Regional Levels

This section delivers an overview about the estimations by festival promoter how their events contribute to the local economy where their festivals are taking place.

It is a meaningful poll as festivals directly or indirectly deliver additional economical benefits to a region or area. But besides numerous commercial advantages, festivals often developed deep and long lasting relationships with local communities.

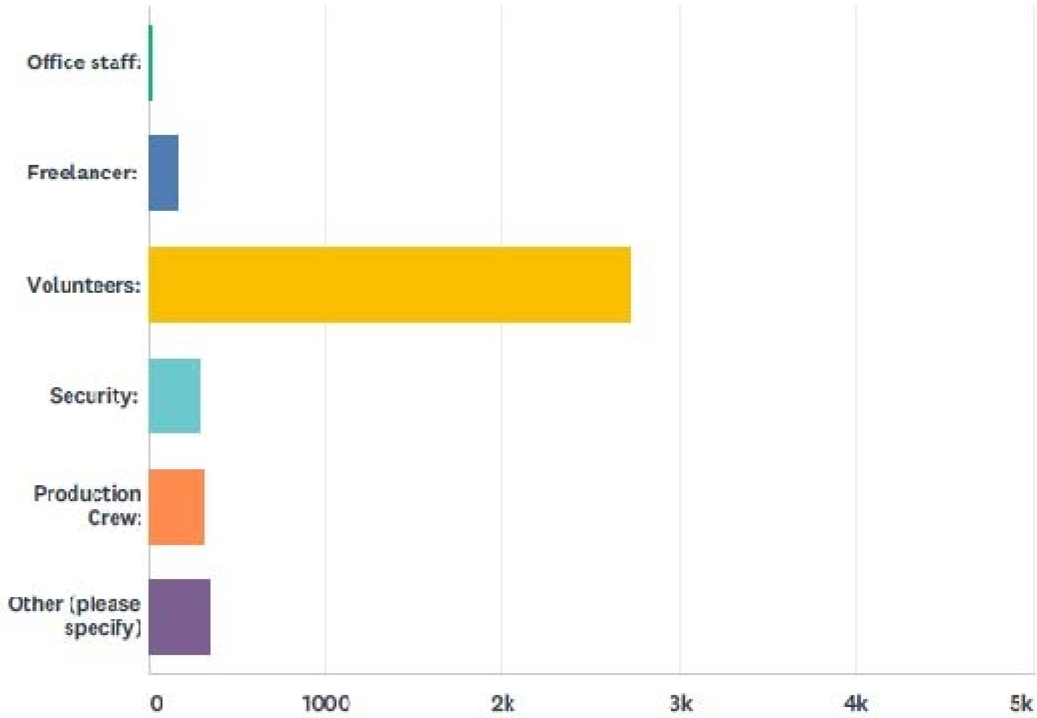
There is no kind of measurement for the evaluation of such relations available, but perhaps the ratings as described in "4.10 - Ratings Regarding The Collaboration With Institutions" act as indicator for the quality of cooperation between communities and festivals.

Results in percentages	Substantial	To some extent	Minimal	Not at all
Accommodation services	59	35	6	-
Consumer spending in town	52	40	8	-
Local food & beverages suppliers	41	53	4	2
Logistical services	42	50	8	-
Supplying of staff for the festival	31	51	14	4

4.10 Workforce-Structures for Yourope Festivals

The set up and production of a festival requires diversified workforce structure. Besides permanent jobs in the core team it is foremost qualified service staff and workforce that temporally works shortly before and after the event.

Workforce Structures for Yourope Festivals



The average number of employees working constantly for an event is 22 persons, the one for free lancers working temporary according to working fields is 169 persons. Security staff employed only during the event comes up to 290 persons. The same goes for the production crew including stage hands, production and stage managers which is average 312 persons, while other workforce such as paramedic staff, sanitation workers and service forces for technical or logistical requirements can mount up to 354 persons per event.

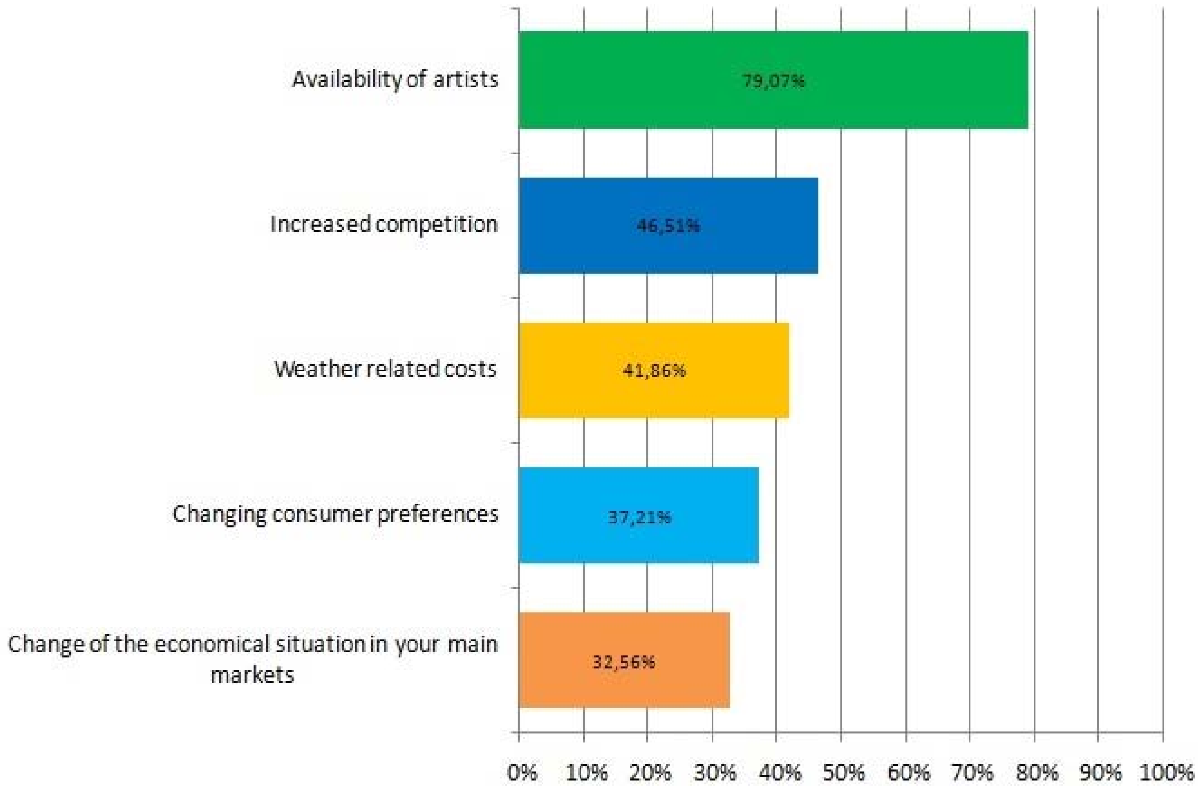
The support by volunteers within a production only applies only toa limited number of festivals. Over the years certain festivals have developed organisational structures that foresee the involvement of volunteers in almost every working area. Large scale events, mostly promoted by non-profit organisations see more than 5.000 volunteers working as part of a festival production. In terms of Yourope the average number for the employment of volunteers sums up to 2.734 persons.

5 CONCLUSIONS AND CONSIDERATIONS

It is a mix between confidence and being concerned. Festival promoters will continue to develop their events according to the requirements by artists and their audience. Even if some challenges are rising, music festivals have become a fixed format as part of the leisure and entertainment sector, which apparently also now is dubbed "Experience Economy."

Besides the artistic profile of festivals and its cultural added value especially for younger Europeans, it remains a task to respond appropriately to the ongoing and predominant changes in the music sector as described in "'Consolidation drives Concentration", while at the same time serving the demands by the audience for festivals.

Challenges and Concerns



The majority of festival promoters is weather proof anyway, so it not so surprising that their main concern is the availability of artists (79 percent), followed by 46.5 percent in terms of the factor of increased competition.

Weather in fact meanwhile has become a global risk and therefore also is ranking with a result of 41.6 percent high in the minds of festival promoters. In fact a sensitive issue to be considered appropriately.

Amendments in terms of changing consumer preferences (37.2 percent) and the economical situation (32.5 percent) are completing this poll.