

## Background

### Deals with Live Nation reflect changes in the music industry

Madonna, U2, Jay Z, Shakira, and Nickelback are some of the biggest names in the music industry and all of them have signed long term deals with Live Nation. But why have they chosen to do so? The music industry used to be simple – artists would sign deals with record companies who would help them record music and sell CDs. Profits would be **split** and everyone would be happy. However, in the digital age we now live in, with file sharing and illegal downloads, money from physical sales of records and CDs has **shrunk**, leaving artists looking elsewhere for their **revenue**.

Live Nation started out as a concert promoter and was initially part of Clear Channel Communications, a US media conglomerate. It cut ties with its old parent company in 2005, and began expanding its music empire. The signing of U2 and Shakira by Live Nation signalled a move away from traditional music deals – the artists' recording rights remain with their long-term record company partners, but Live Nation takes over the running of everything else. This includes promotion, tours, merchandise, and fan clubs. With revenue from music sales **dwindling**, artists are now seeing tours as the way to make money and it is believed Live Nation gives artists a staggering 90% of the revenue from tickets sales, over 20% more than most other tour organizers. Live Nation supplements their 10% of the **takings** with money from other areas, such as the concessions, sales and merchandising, DVDs of the live events, sponsorship revenue, and car parking at venues. The deal with Madonna is slightly different as she has become the first artist in the Artist Nation division of the company. This means that Madonna is the first major artist to **break ranks with** her old record company and use Live Nation as a record company as well as a concert promoter.

Critics of the Live Nation strategy question the decision to sign up older members of the music industry on long-term deals. They ask whether these artists are still **bankable commodities**. Indeed, the members of U2 will be nearing 60 when their deals end and there is debate over whether Madonna still has three albums and three tours left in her. Music lovers have also been critical of the deals, saying that the distinction between bands and brands is becoming **blurred** and that music is becoming more about business than expression. One fan said that he expected acts to start wearing shirts emblazoned with the names of sponsors, as happens in football or with Formula 1 drivers. However, more supportive market analysts claim that capturing two of the biggest names in pop is a smart move as it almost guarantees that more artists and bands will follow suit. And Live Nation claims that its strategy actually brings artists closer to music lovers, as the music can reach fans in many different ways.

Sylvia Cracuin, a music industry expert, thinks that these types of deals will lead to a change in the way music is distributed. 'Bands might be more willing to give away their music via their own websites or social networking sites, if they know they can make money in other ways, such as touring or advertising,' she claims. 'The Radiohead experiment where Radiohead asked fans to pay what they wanted for their album *In Rainbows*, and the Prince experiment where he gave away copies of his new CD with a newspaper to **boost** sales of tickets for his 21-day residency at a London venue seem to have been successful. So we might see other acts **shunning** record companies and physical releases in favour of collaborating with Live Nation or other companies like them.'

## Exercises

### 1 Work with a partner and discuss these questions.

- 1 Who is your favourite singer / band?
- 2 When was the last time you bought a CD and / or went to see a concert? Who was the artist?
- 3 How has the music industry changed with the rise of the Internet? Who has benefited most from these changes and who has benefited least?
- 4 Have you heard of the company 'Live Nation', which is connected to the music industry? Do you know what the company does?

### 2 Read the text quickly and compare your answers for questions 3 and 4 in 1 with the information in the text.

### 3 Read the text again quickly and complete sentences 1–6.

- 1 Live Nation was initially a subsidiary of \_\_\_\_\_.
- 2 \_\_\_\_\_ and \_\_\_\_\_ are two reasons why music distributors aren't making as much money.
- 3 \_\_\_\_\_ = the percentage of revenue an artist can get from a concert organized by Live Nation.
- 4 \_\_\_\_\_ = how old U2 will be by the time their new deal finishes.
- 5 \_\_\_\_\_ = how much people paid for the last Radiohead CD.
- 6 \_\_\_\_\_ = how people could get Prince's last CD.

### 4 Read the text again and answer these questions in your own words.

- 1 How does Live Nation make its money?
- 2 Why are some people critical of the deals with U2 and Madonna?
- 3 Why are some music lovers critical of deals with Live Nation?
- 4 If deals with companies like Live Nation increase, how might the music industry change?
- 5 Why did Prince decide to give his CD away?

### 5 Match the words and phrases in bold in the text to definitions 1–8.

- 1 improve or increase something: \_\_\_\_\_
- 2 things that are likely to make money for a person / a company: \_\_\_\_\_
- 3 divide something into two or more parts: \_\_\_\_\_
- 4 income that is received by a company through selling things (two words): \_\_\_\_\_
- 5 to become unclear; without clear outline or shape: \_\_\_\_\_
- 6 to avoid or ignore something: \_\_\_\_\_
- 7 to publicly refuse to continue to support or deal with the organization of which they have been members: \_\_\_\_\_
- 8 became smaller (two words): \_\_\_\_\_

### 6 Work with a partner. Decide which three words in 5 collocate with *sales*. Then work together to make a new sentence for each word or phrase in 5.

### 7 Look back at the text and choose three words that you could use in your day-to-day work.

### 8 Work with a partner. Discuss these questions.

- 1 Do you think that Live Nation's decision to sign older artists is a good idea?
- 2 Would you see the increase in deals with companies like Live Nation as a positive development for the music industry? Why? / Why not?
- 3 What other industries could have seen a drop in profits as a result of the rise in Internet usage? How could these industries change in order to survive?