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Yourope Members Survey 18

In the second half of 2018 Yourope undertook a members survey in order to evaluate market results and findings regarding previous 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
The ongoing conversion of the music sector is an outstanding example of how digital innovation is able to drive the transition of former existing business models and cultural preferences.

While the recorded music industry faced significant losses in terms of its economical relevance since 1997, live music gained in popularity. As income streams for artists shifted from recorded music towards touring and concerts, it is even more remarkable how music festivals became a stand-alone market segment within the value chain of the music industry over a period of just two decades.

This trend relies first of all on changed consumer habits and cultural preferences. Additionally this development has been stimulated by external factors such as borderless travelling for EU-citizens due to the Schengen Agreement as well as lower travel expenses due to the rise of low cost carriers in the aviation industry.

This survey is evaluating economical settings as well as transnational aspects in reference to the role of festivals as cultural carriers for artists and audiences. Since the perception by policy makers for popular music gradually is improving, this study furthermore reports on the needs and requirements of this sector in terms of the design of culture policies and for the so called creative industries in the near future.

The survey provides in-depth information about ongoing developments within the music sector, reports on common characteristics of popular music festivals in general, their artistic profile and audiences for these events.

Yourope will supply the report to public organisations, enabling institutional and administrative sources to consider the needs and the relevance of music festivals appropriately and effectively, when it comes down to the development and deployment of support programmes for the music sector or creative industries on a European or national level.

Data Assembling Period:
September – December 2018

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Table of Contents

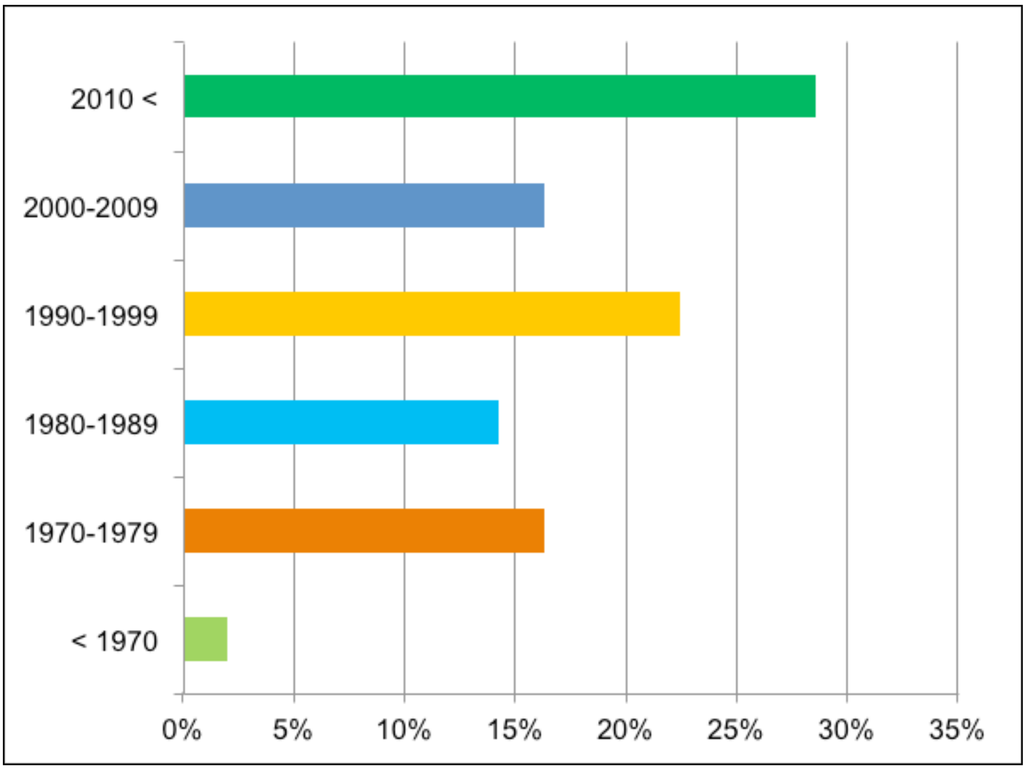
1 THE SETTINGS OF MUSIC FESTIVALS

1.1 The Number of Festivals Increased

Since the beginning of the nineties the number of festivals organized within Yourope has increased significantly, underlining that festivals as a live entertainment format have become more popular. As before 1970 only very few events took place, the number of newly launched festivals since then has been growing continuously.

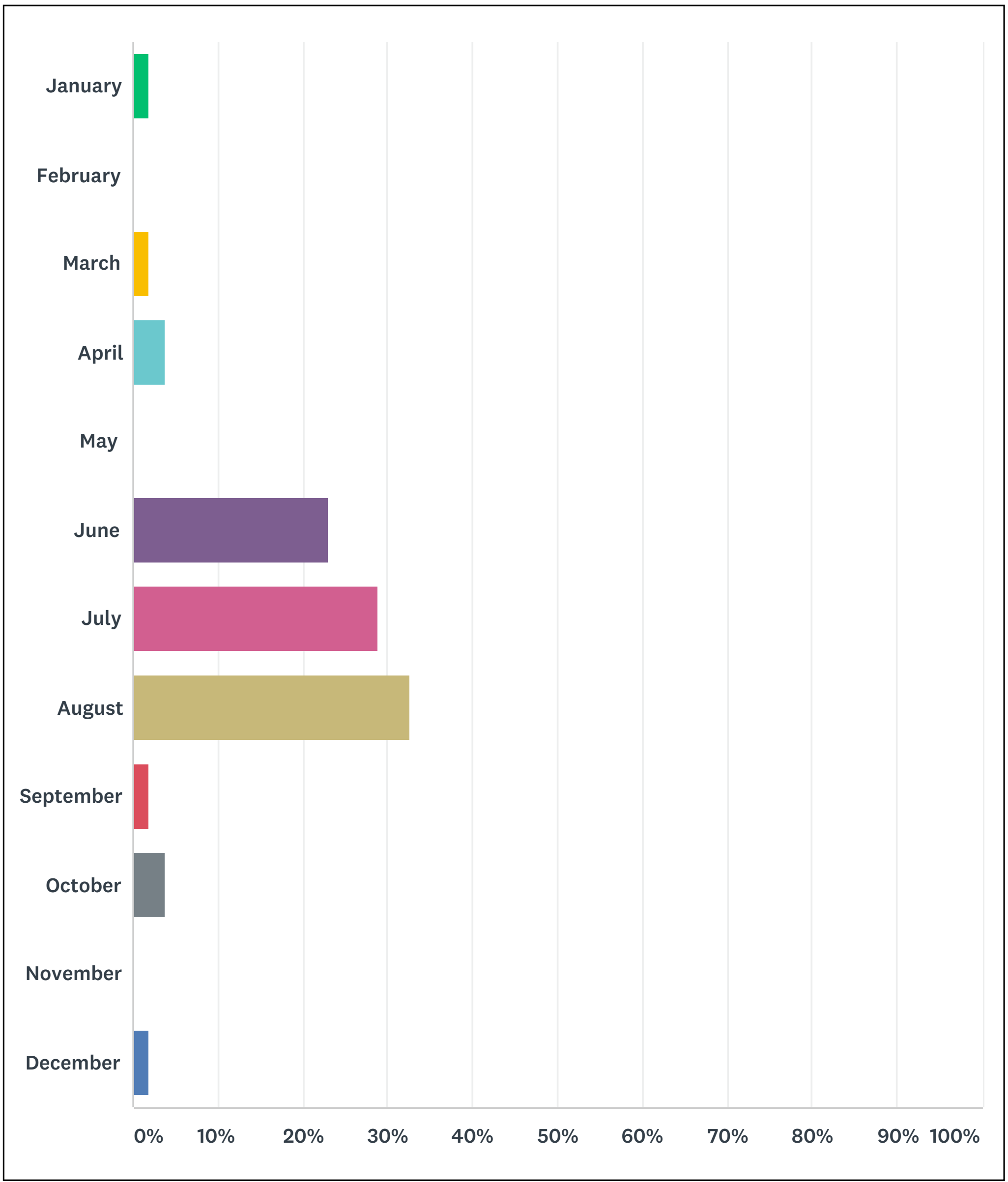
Additionally it has to be highlighted that the growth of numbers are also sustainable. Sixteen percent of those events had already been founded between 1970 and 1979, in the eighties another 14 percent, in the nineties 22 percent. At the beginning of the millennium it has arrived at 16 percent, while a 29 percent growth peak was reached in 2010.

These figures are also to be seen in line with music festivals evolving to a market segment by itself.



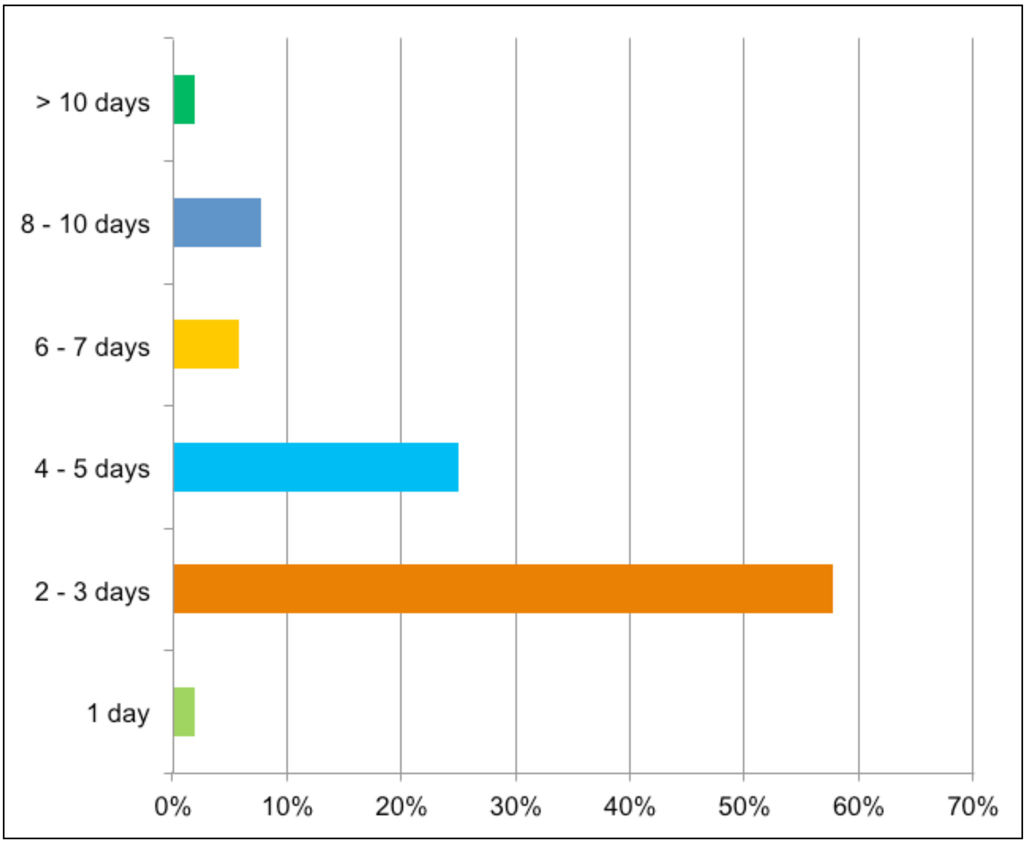
1.2 The Festival Season at a Glance

The majority of the Yourope members are open air events. Thereto given is that most events take place in the summer season. The number of festivals that go on in June is 24 percent, in July it is 29 percent and in August it is 33 percent. However, some of the associated members within Yourope are so called showcase events or indoor festivals, explaining that there are also festivals taking place in January or December. Nevertheless, the overall number for summer open air events within Yourope sums up to a total of 86 percent.



1.3 Duration of Festivals

The most typical duration for festivals by far is two to three days. With 58 percent this group of events defines the most common set up for festivals. While art, film or theatre festivals usually go on for one week or ten days, the number of music festivals are held on more than three days is less usual. In terms of Yourope only six percent last for 6-7 days, eight percent between 8 to 10 days, while at least a duration of 4 to 5 days apply to 25 percent.



1.4 Types of Accommodation on Festivals

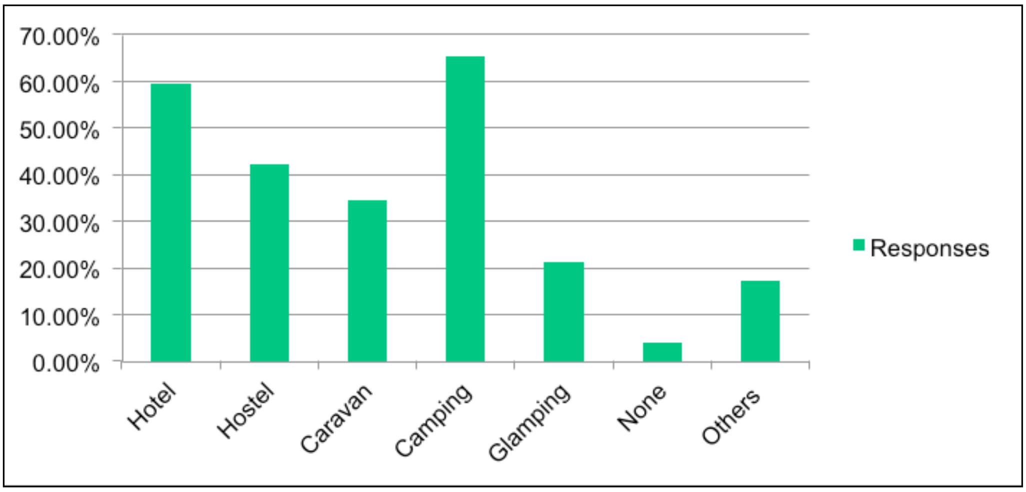
As music festivals usually last several days, accommodation is an essential part for these type of live music events. Differently than for concerts, the aspect of staying overnight is a vital element besides the artistic programme for many festival visitors, completing the festival experience.

In terms of offered accommodation opportunities on Yourope festivals, camping is the most common type of lodging, scoring high with an overall result of 65 percent. Depending on the size of events, multiple options of accommodation are possible. Hotel accommodation comes up to 59 percent, hostels up to 42 percent, followed by caravans with nearly up to 35 percent.

As demand of comfort on events has risen in recent years, some festivals offering 'glamping' nowadays, a service-oriented type of accommodation where visitors will be supplied with built up tents, in some case even tiny homes, equipped with beds, on request even with refrigerators, filled up including food and drinks. These type of offers furthermore occasionally are bundled with car parking, better sanitarian facilities or direct access to areas in front of the stages.

Filed under "Others", some festivals mentioned that they also are offering accommodation by Airbnb, in school classrooms or holiday apartments.

Type of accomodation provided by festivals

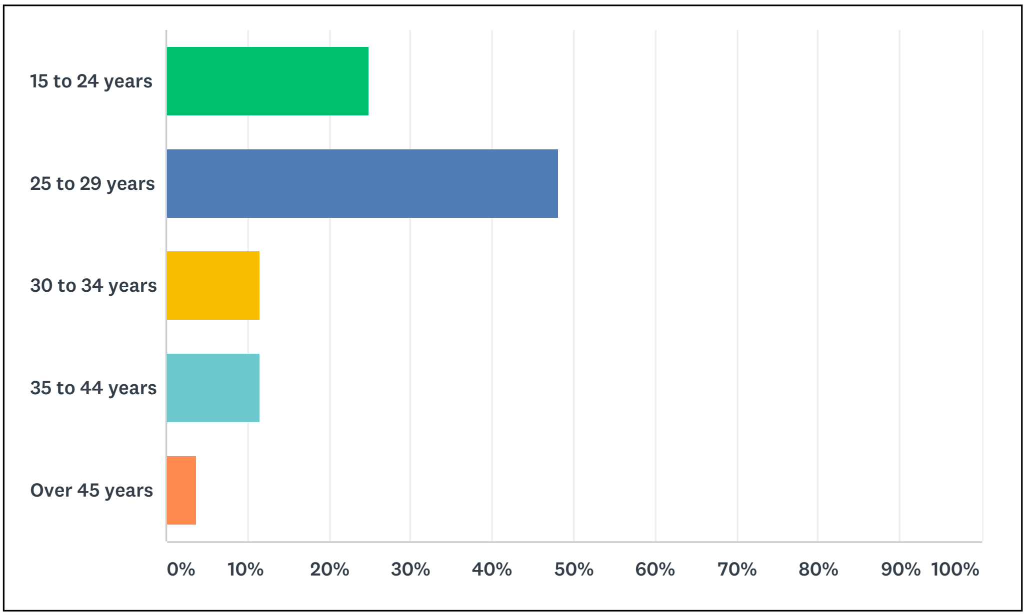


2 THE AUDIENCE FOR YOUROPE FESTIVALS

2.1 The Audience for Festivals is Young

While live music entertainment in general meanwhile serves all age groups, it is remarkable that the core age groups for festivals are in particular young people.

Main Age Groups for Festivals



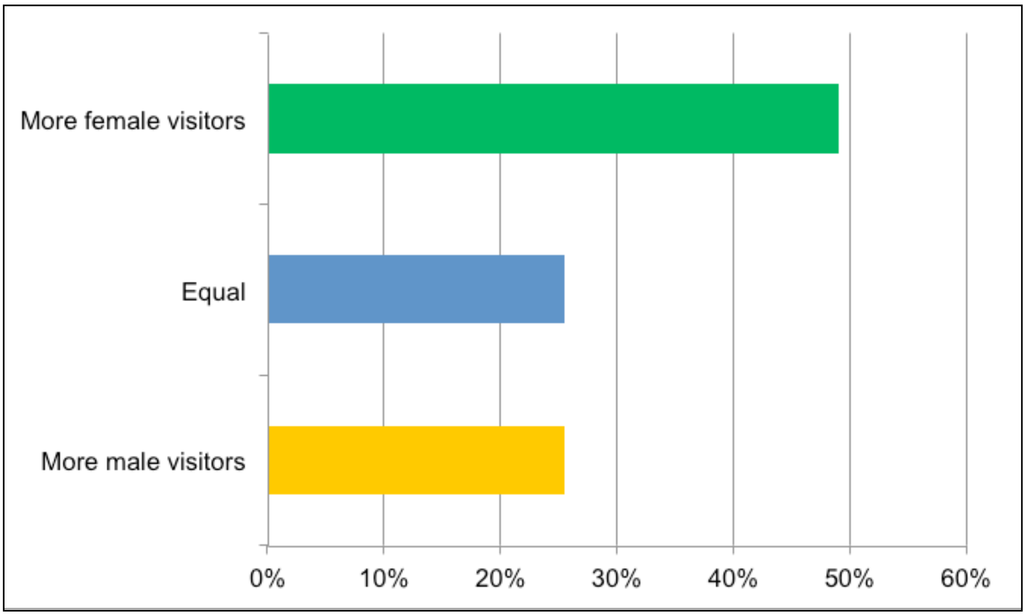
The main target groups for Yourope festivals are the ones within the age groups of 25 to 29 years (48 percent) and 15 to 24 years (25 percent). Combined these two groups count up to more than 70 percent of the overall audience for festivals. Therewith festivals serves significant younger target groups than other live entertainment formats, such as among others theatre, classical music or even sport events[1].

[1] https://de.statista.com/statistik/daten/studie/727901/umfrage/fussball-fans-in-deutschland-nach-alter/

2.2 The Gender Question

While there are music genres that apparently have more male than female fans, the gender mix at Yourope festivals shows that the majority of events attract more female visitors than male festival goers.

Only 25 percent of the festivals have more male visitors, while for another 25 percent the gender mix appears to be equal, having 50 percent male as well as female visitors. Fifty percent of the festivals report to have more female than male visitors, mostly in the range of having more than 51 to 60 percent female festival attendees.

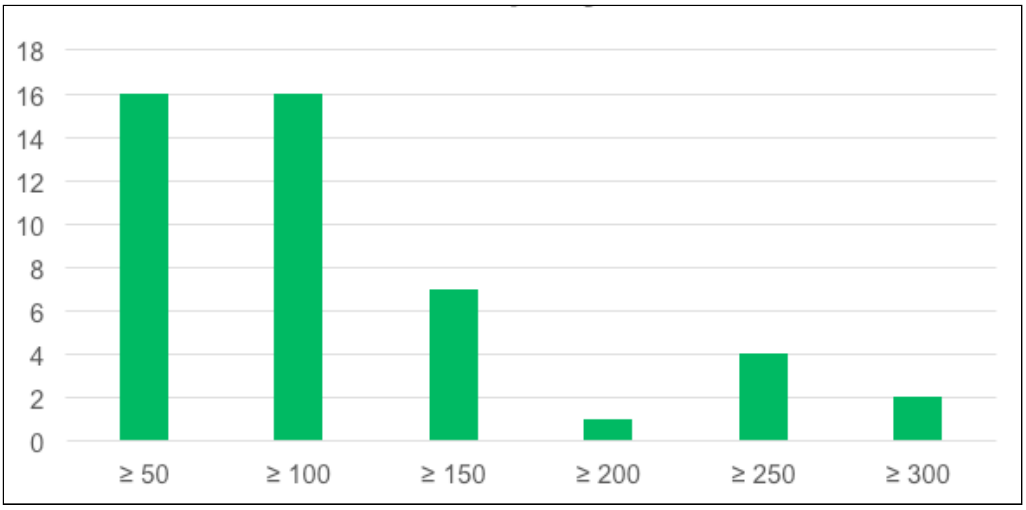


3 THE EUROPEAN DIMENSION OF YOUROPE FESTIVALS

3.1 Almost 100 Artists per Festival

The average number of performing artists per festivals is 97. The median value is 70 artists, considering the fact that the number of performing artists on showcase festivals is significantly higher than the one for open air events.

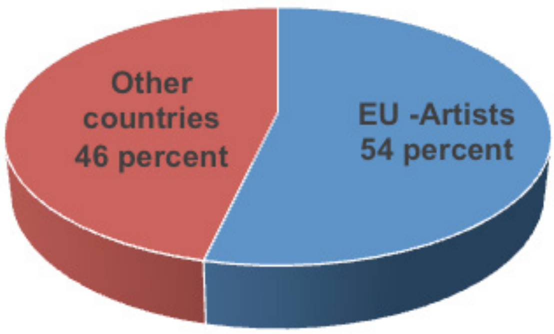
How many artists play on Yourope festivals per Year



3.2 More EU-Artists than from None-EU-Countries in 2018

Despite the popularity of mainly US-artists in popular music, the percentage of EU-artists on Yourope festivals is exceeding the number of non-EU artists. This result is also backed by the fact that domestic acts have gained popularity in recent years as market statistics show for recorded music.

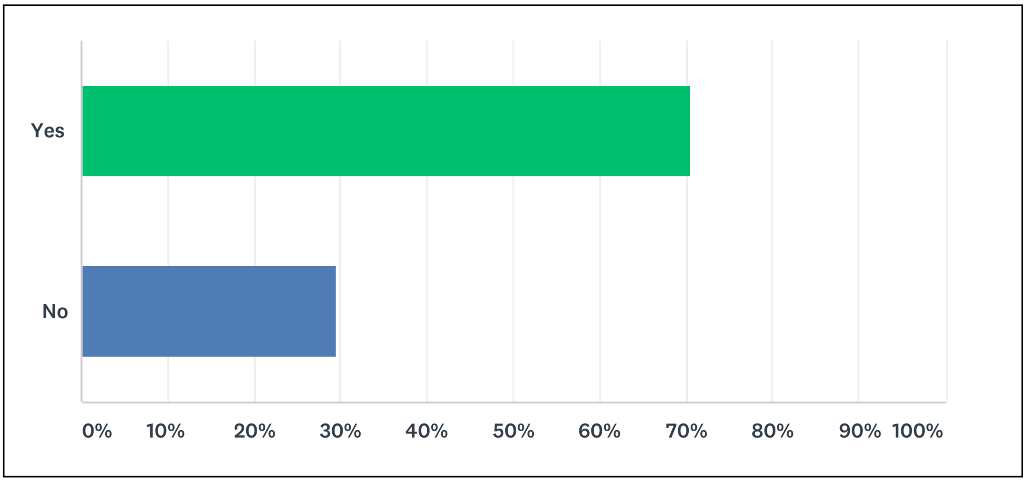
Artists from EU Countries per festival (in average)



3.3 Yourope Festivals Serving a European Audience

The festivals associated with Yourope have a remarkable high affinity to promote their events outside their domestic markets. Up to 70 percent promote their event on an international level, underlining therewith the increased trend for music tourism in general but also the relevance of festivals as valuable assets for the European culture sector.

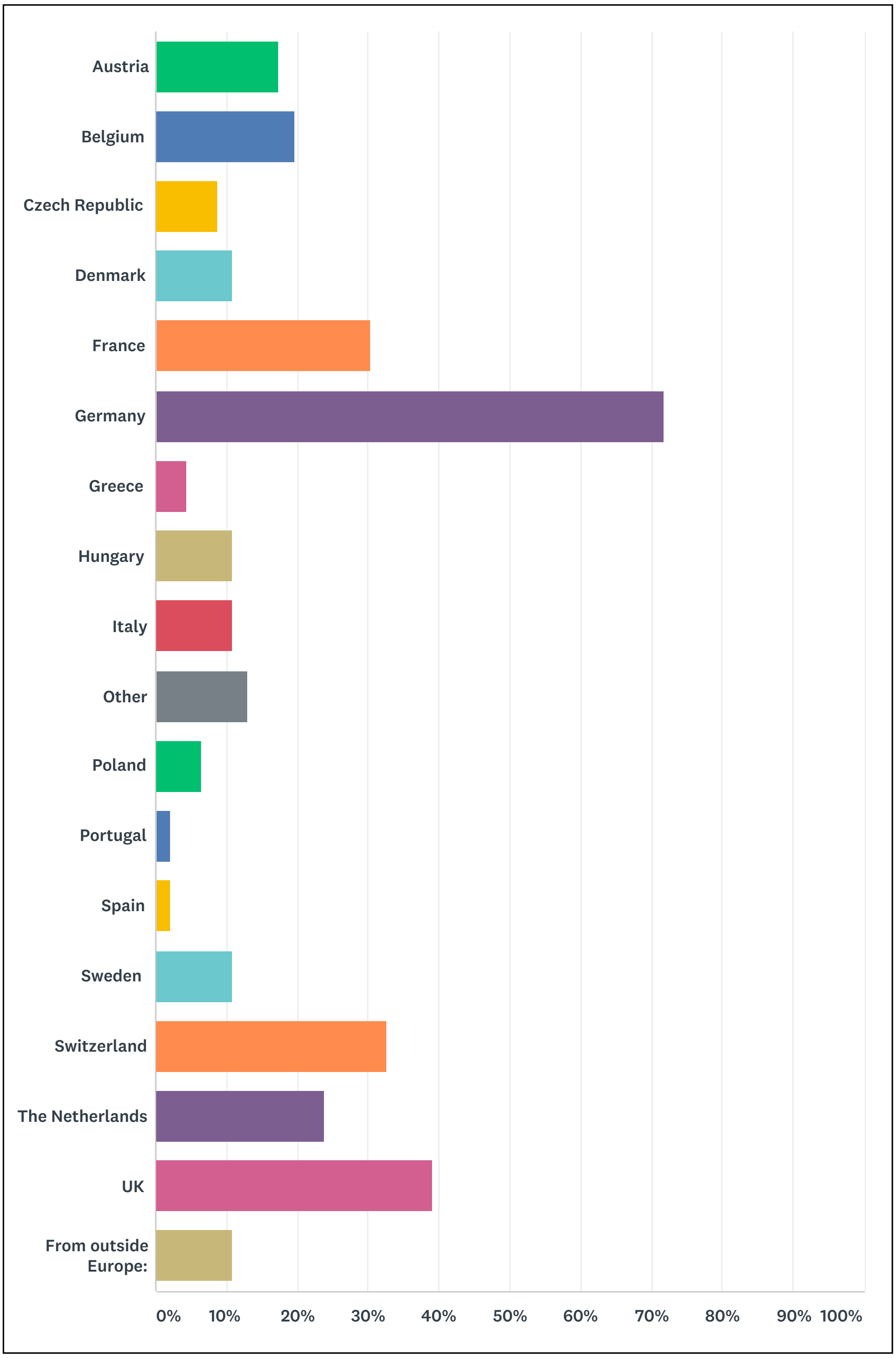
PR- & Marketing by Festivals Abroad



3.4 Top European Countries to Promote Festivals Internationally

When promoting festivals internationally, promoters consider both economical reasons geographical aspects. It is very common that festivals located in smaller countries such as in Eastern Europe, the Benelux or Scandinavia usually promote their events abroad in their neighbour countries.

Other aspects are the availability and popularity of none-domestic artists and the artistic profile each festival developed in the recent past, not to forget the popularity of festivals as common cultural format in the particular countries itself.



Countries like Germany, UK, Switzerland, The Netherlands or Belgium are core markets for PR-activities of Yourope festivals when addressing a transnational audience.

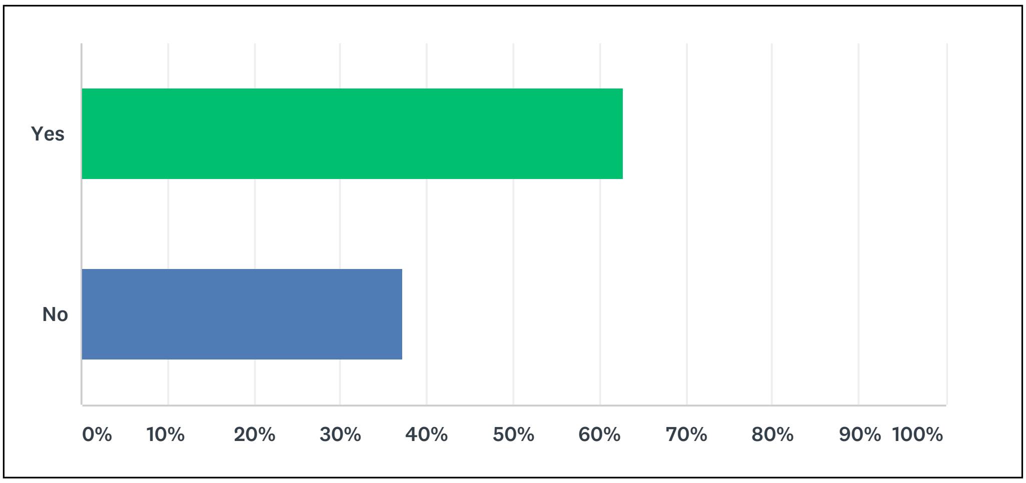
The poll furthermore revealed that audiences in Southern European countries like Spain, Portugal or Greece are currently less in the focus of PR-activities by festivals promoters.

While festivals as a live entertainment format in Italy are not so common as in other EU-Countries, festival promoters from abroad nevertheless consider to promote their events in Italy.

Germany	71,74 Percent
UK	39,13 Percent
Switzerland	32,61 Percent
France	30,43 Percent
The Netherlands	23,91 Percent
Belgium	19,57 Percent
Austria	17,39 Percent
Hungary	10,87 Percent
Italy	10,87 Percent
Sweden	10,87 Percent
Denmark	10,87 Percent

3.5 Networking with Tourism Agencies

The majority of Yourope-Festivals is collaborating with local or national tourism agencies. According to figures, 63 percent of them undertake joint marketing activities with such agencies, while only 37 percent do not use this type of service agencies.



3.6 Promoting Festivals Outside of Europe

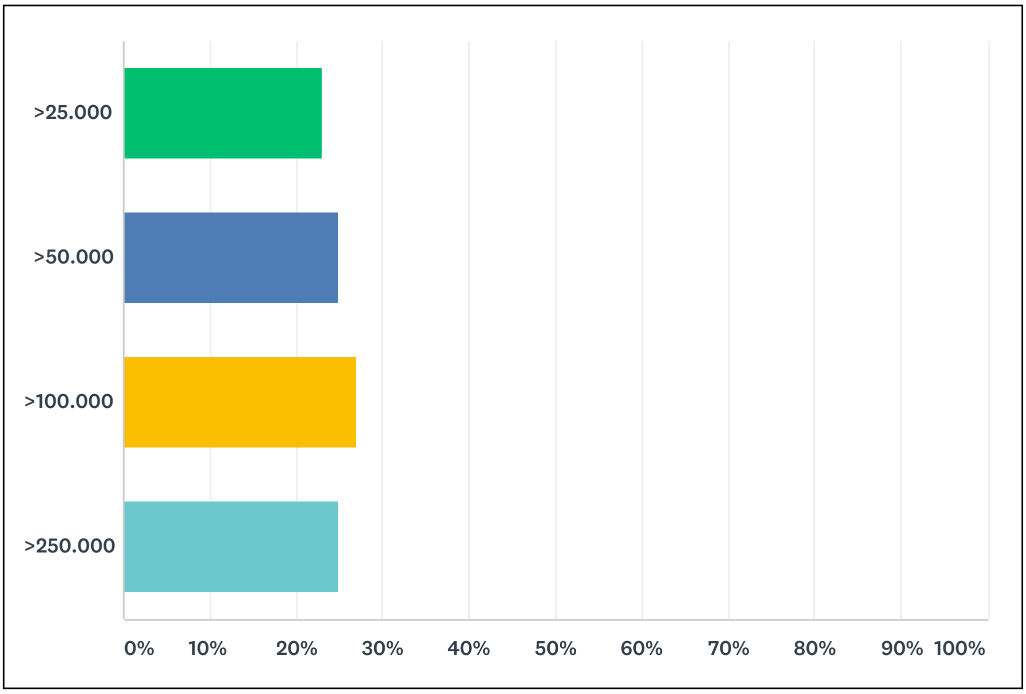
Around ten percent of the participating festivals in this survey, declared to promote their events even outside of Europe. This figure is meaningful in relation with the EU strategy to strengthen its international cultural relations[2], which foresees up to date to support abroad mainly assets that refer to cultural heritage, while therewith neglecting the cultural relevance of popular music.

[2] https://ec.europa.eu/culture/policies/strategic-framework/strategy-international-cultural-relations_en

3.7 Marketing Expenses at a Glance

Marketing activities and strategies to promote an event are continuously changing. The media landscape is changing rapidly and festival promoters are required to adapt on new media formats or PR-concepts in order to reach their audience. With this in mind, it isn't surprisingly that investments therefore easily can exceed six digit figures.

Overview about Marketing Budgets by Festivals



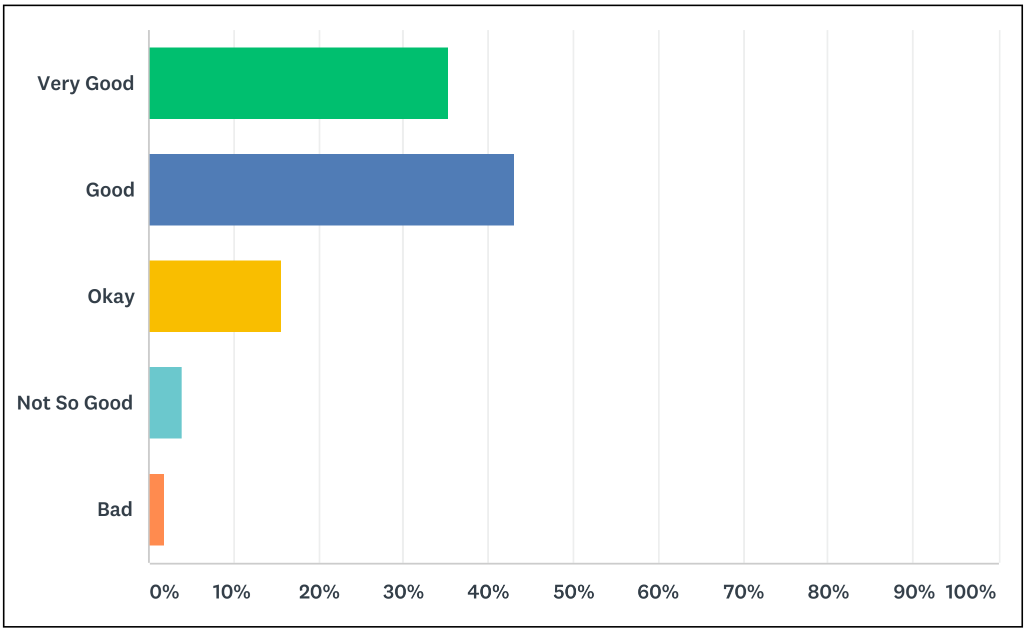
Submitted data show that 27 percent spent more 100.000 EUR in order to promote their event. Another 25 percent even more than 250.000 EUR. Budgets summing above 50.000 EUR come up 25 percent, while only 23 percent are able to keep this level of expense above the level of 25.000 EUR.

4 STRUCTURAL AND ECONOMICAL SETTINGS OF YOUROPE FESTIVALS

4.1 Ratings Regarding the Collaboration with Institutions

The cooperation with public authorities for permissions, licenses or other production related issues is highly relevant for every festival promoter. The overall results within this section of the survey can be described as positive.

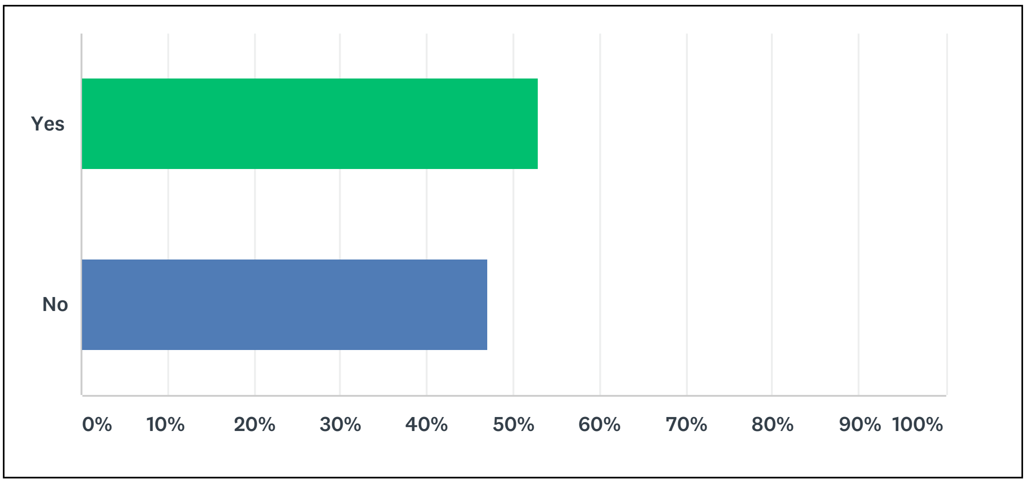
Ratings for the collaboration with public authorities



The poll results testifies that 78 percent of Yourope associated festivals consider the cooperation with institutional organisations as “Very Good” (35 percent) or “Good” (43 percent). The rating “Okay” has been given by 16 percent, “Not So Good” (4 percent) and “Bad” by only 2 percent.

4.2 Public Subsidies for Festivals

According to submitted data, 53 percent of those festivals that took part in this survey are receiving subsidies or public funding. The other 47 percent apparently do not benefit from public funding, reflecting either that those events are operating financially self-sufficient or do not have access to public funding.



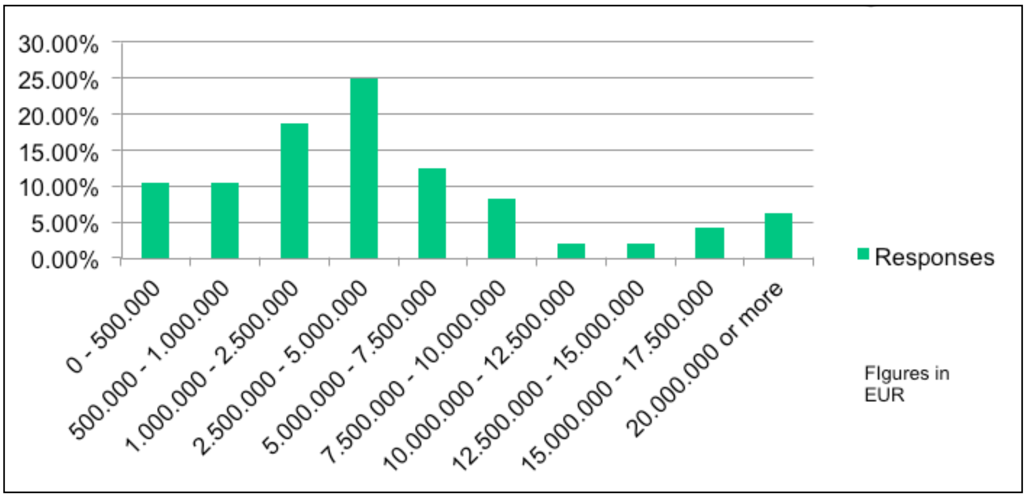
The most common type of supplied public grants refers to regional funds. Funding by national institutions remains exceptional. These results also are mirroring that on a European level currently no coherent policy for the support of popular music has been implemented.

4.3 Business Results and Generated Turnover by Yourope Festivals

Yourope represents a solid mix of festivals, ranging from smaller to medium as well as to major events. Festivals with a reported turnover less than 500.000 EUR and less than 1 million EUR sum up slightly above 20 percent, while members with a turnover between 1 to 2.5 million EUR amount up to 19 percent. The strongest group within Yourope are festivals with a turnover between 2.5 to 5 million EUR (25 percent).

However, the data for top level events also underline the economical dimensions festivals meanwhile are able to archive: 5 to 7.5 million EUR (12 percent), 7.5 to 10 million (8 percent), 10 to 12.5 million (2 percent), 12.5 to 15 million (2 percent), 15 to 17.5 million (4 percent) and 6 percent of the considered festivals even gain a turnover of more than 20 million EUR.

Overview Turnover by Festivals



Based on submitted results and the extrapolation of data, the combined revenue for the festival season 2018 is 480 million Euro.

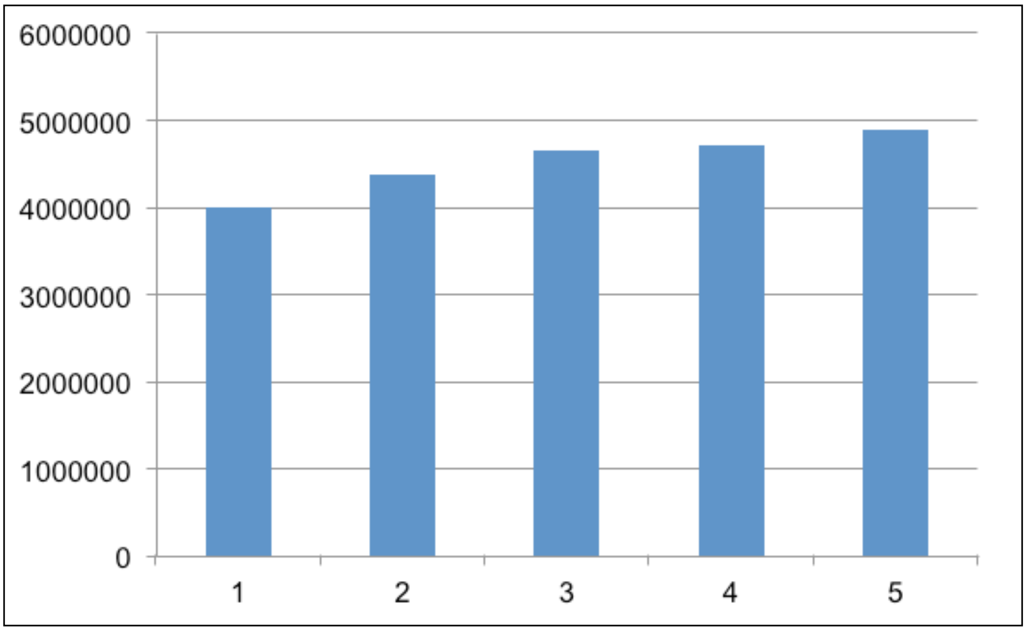
4.4 Ticket Sales for Yourope Festivals are Rising

The live music sector became the most valuable income gainer within music industry.

Festivals as a live entertainment format benefit from this trend, but also developed new offers and services to attract new but as well to keep former festival visitors.

Apparently festival promoters are able to meet and to serve the interests of the peer group that matters for this kind of music events, as the assembled figures show a solid increase of ticket sales for festivals organized within Yourope.

Overall Ticket Sales 2014 – 2018



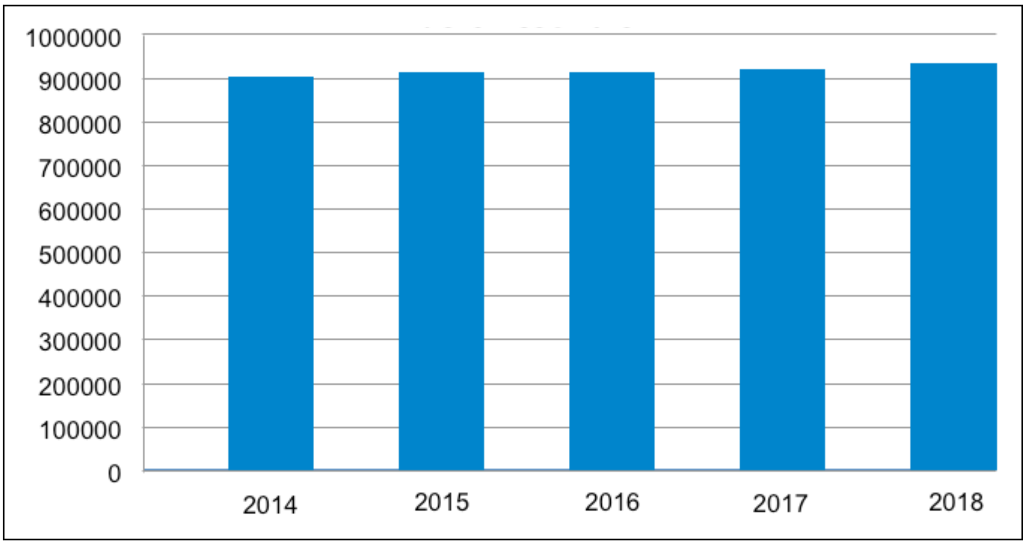
Within five years ticket sales gradually went up by 22 percent. In 2014 the accumulated number of sold tickets almost peaked at 4 million (3.99 million), followed by 4.3m in 2015, 4.6min 2016, 4.7m in 2017 and reaching the number of 4.8 million in 2018.

4.5 Visitor Figures for Free Entry Music Festivals

Yourope also represents music festivals that are free of charge for visitors. This type of events has also become an established live entertainment format in the meantime. These festivals are mainly financed by income generated through food and beverage sales and sponsoring.

Since 2014 the number of visitors has increased by 3,3 percent.

Visitor Figures by Free Entry Music Festivals

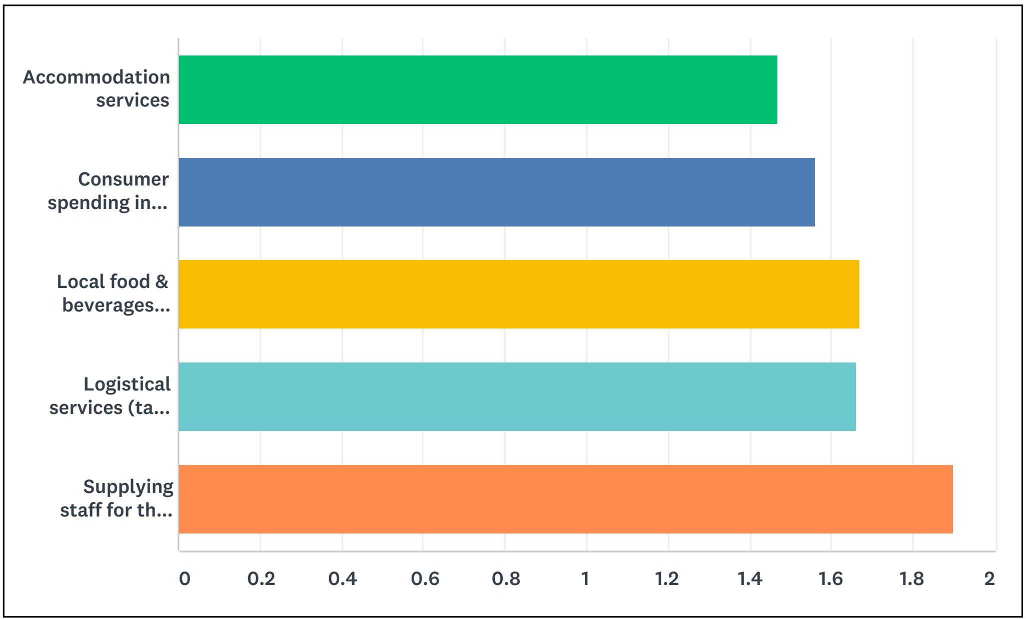


The visitor figures in detail are:

2014:	904.000 visitors
2015:	914.000 visitors
2016:	914.000 visitors
2017:	919.500 visitors
2018:	934.000 visitors

4.6 The Supply Chain for Festivals on Regional Levels

Festivals require a range of services provided locally or supplied. Depending on the size of the events, festivals are meaningful contributors to the economical infrastructure of a region.



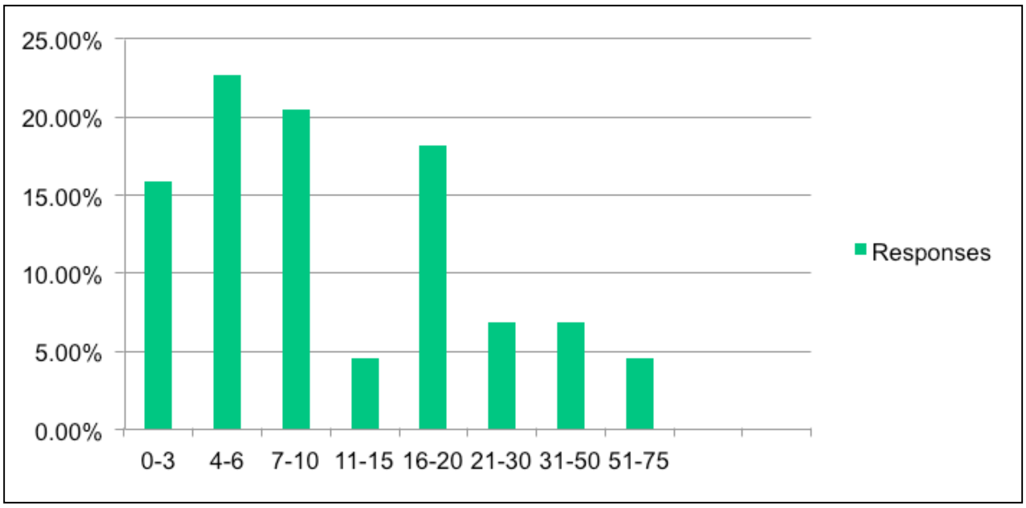
Results in percentages	Substantial	To some extent	Minimal	Not at all
Accommodation services	59	35	6	—
Consumer spending in town	52	40	8	—
Local food & beverages suppliers	41	53	4	2
Logistical services	42	50	8	—
Supplying of staff for the festival	31	51	14	4

4.7 Enterprise Structures of Yourope Festivals

The corporatisation of concert companies is a gradually ongoing process. Recently when external investors started to purchase festivals and other live music ventures, it had been primarily the two leading corporate concert companies (CTS Eventim & Live Nation) acting as investors within the live music sector.

Even in consideration of the recent experienced growths for live music events, the majority of companies within the market segment of festivals still yet are so called small and medium sized enterprises (SME's).

Majority of European festivals employ up to 10 full-time staff

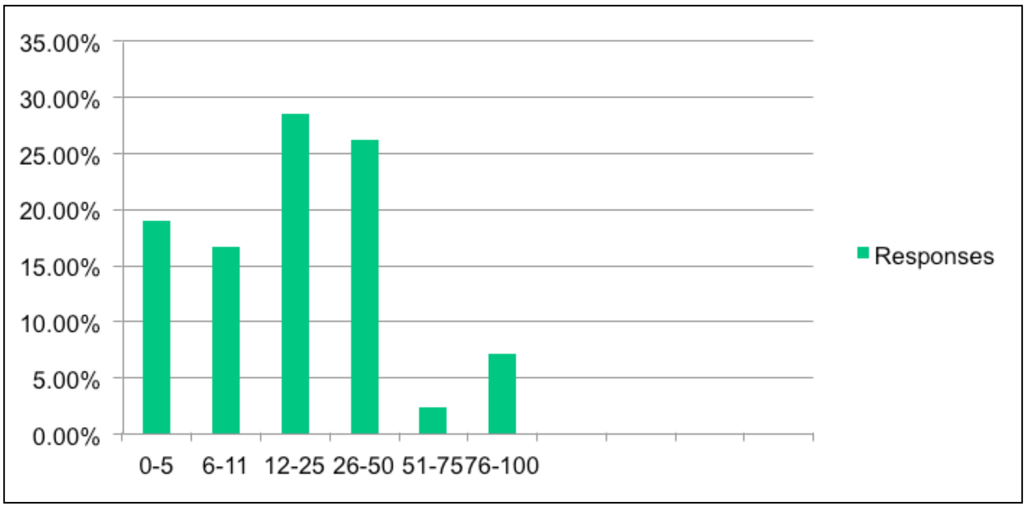


Nearly 16 percent of the companies who are members of Yourope employ up to three employees, 23 percent between four to six employees and 20 percent between seven to ten employees.

Companies with 11 to 15 employees count up to five percent, 16 up 20 employees up to 18 percent, for the categories 21 to 30 and 31 to 50 employees both seven percent and four percent employ between 51–75 persons. Part time jobs have been rounded up.

Like other season businesses, also festival companies use freelance staff. In average it is up to 25 freelancers per company.

Majority of European festivals contract up to 25 freelancers



Nineteen percent of the companies organized within Yourope employ up to five freelancers, 17 percent between 6 to 11, 29 percent between 12 to 25, 26 percent between 26 to 50, just 2 percent between 51 to 75 and another 7 percent between 76 to 100 freelancers.

5 CONCLUSIONS AND CONSIDERATIONS

The majority of festival promoters organized within Yourope considered the festival season 2018 as good. Only a minority remained below 80 percent of the capacities or their festivals. However, components such as “competition”, “the lack of headliners” and “severe weather” are considered as risks for their events.

According to an internal opinion poll festival promoters are concerned about potential future obstacles such as the continuously rise in artist fees, the availability of headlining artists, tougher competition between festivals, challenging weather conditions and a changing overall economical situation in Europe. Also mentioned have been concerns regarding rising expenses for security measures.

Political developments apparently do not seem to be considered as a potential risk. As among others consequences due to Brexit are not known yet, the live music sector such as other industries cannot foresee what kind of impact this will have on their business. The general assumption seems to be that the EU remain intact and won’t be compromised due to upcoming EU election results.

Businesswise the live music sector currently is confronted with a consolidation process since external investors in particular from the financial sector are buying concert companies and festivals almost everywhere in Europe[3]. This development causes structural amendments as bigger company units have other sources and opportunities to offer bulk deals for artists. In the near future this might lead to higher fees for top artists, which in particular already yet is a bigger problem for smaller and midsized festivals than for large scale events.

Another meaningful development to be noticed is that more and more festivals do spin offs of their events outside their domestic markets. Prominent examples are events such as Creamfield, Lollapalooza, Sonar Festival or Rock in Rio, while Wacken Open Air is promoting side events in South Africa, Indonesia, Japan & Uruguay with WOA Metal Battle.

However, until today most European Music Export Offices follow an “artist”-focused export strategy, supplying funding for the distribution and/or the marketing of recorded music or grand tour support for artists abroad.

While record or publishing companies, music managers in favour for their artists are directly benefitting from such measures, live music products such as festivals or venues benefit in the best case only indirectly from these organisations or its funding schemes.

Yourope therefore recommends to re-think music export strategies, enabling festivals and other live music ventures or projects, being equally considered in terms of export or marketing activities abroad.

[3] https://issuu.com/vip-news/docs/02-19/22