

LIVE MUSIC CHALLENGES IN EUROPEAN CITIES

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A record inflation limiting the effects of the post-COVID-19 recovery.

Respondent from Germany, Berlin - 250 capacity-venue



Gentrification also brings rising costs across the board. We recently reviewed our contracts to update prices in response to this year's inflation and the upcoming increase in the minimum wage. We're mindful of not becoming an expensive venue, as our capacity is limited to 250 people for concerts. Balancing our break-even point is challenging, considering energy expenses, operational base costs, and other overheads. These are all factors we need to carefully account for.

Inflation and gentrification are interconnected mechanisms. While we will not revisit the latter concept, we will focus on the other dynamics driving the general increase in prices. After being forced to close for nearly two years due to the pandemic, concert venues faced the full force of Europe's inflation crisis following Russia's invasion of Ukraine. The European Union experienced an **inflation peak of nearly 12%** at the end of 2022. Energy and alcohol—two critical components of venue operations—were particularly affected during this period, alongside rising rents, wages, and other costs. While inflation has now stabilized at +2.6%, it remains a persistent challenge for the sector.

There is not only the general inflation of prices but also a **specific inflation within the live music sector itself.** Indeed, in the current streaming-dominated market, live performances have become an essential income stream for artists. With recorded music generating less revenue, **live shows are a primary way for artists to monetize their work**, driving up the demand for well-paid gigs. As the cost of living increases, artists demand higher pay to cover their expenses, leading to more expensive performance fees. With **high travel and logistics costs**, artists and their teams may find it unsustainable to tour extensively without significant compensation. Post-COVID, many artists have also been cautious with tour schedules, focusing on fewer, more lucrative shows rather than extensive tours.

Respondent from Finland, Oulu - 300-capacity venue



Well, artist fees have risen significantly since COVID. I think this is especially challenging for us because we are quite far from Helsinki, where most Finnish artists are based. Helsinki is home to all the major media outlets, agencies, and big labels, so when an artist breaks through, they usually move there and travel from that hub. For us in Oulu, which is over 600 kilometers from Helsinki, organizing gigs is more expensive. We need to cover hotel rooms, travel costs, and other expenses. So, yes, we are definitely feeling the impact of these rising costs. However, I think this is a challenge everyone in the industry is facing.

Finally, **high demand from audiences eager to return to concerts has increased competition among venues, festivals, and booking agencies.** This demand can raise artist fees, as event organizers pay a premium to secure popular acts. The combination of these factors has created a challenging environment for venues and festivals, particularly smaller ones, which are now facing a «talent cost crisis» as they struggle to afford top-tier or even emerging artists without straining budgets.

Respondent from Spain, Barcelona - 3000-capacity venue



We need to address the issue of artist fees, which has become another significant problem post-pandemic, particularly with international fees. The amounts being demanded by artists and their international agencies have been absolutely insane.

What tools can be used to address inflation?

To address this widespread increase in prices, **there are as many strategies as there are venues**. Each venue relies on its strengths and toolkit: flexibility in staffing or the number of activities organized throughout the year, the ability to diversify activities and revenue streams, collaborating with production companies and external promoters to host concerts, changing locations to increase capacity, reducing artistic risk, etc. Inflation has also impacted **salaries and the legal minimum wage** in several countries. While this is a necessary development for artists and professionals working in the live sector, it is a very difficult factor for small and medium-sized venues to absorb, as we will see in the following section.

Respondent from France, Lyon - 250-capacity venue



We focus mainly on responding to project calls and, more recently, working extensively with producers. This is because, at present, producers often have substantial resources due to tax credits and specific subsidies for production. As a result, we find ourselves in more of a hosting role rather than being in a position to take the lead in proposing artistic and human choices. That said, this situation is fairly recent.

Respondent from Denmark, Aalborg - 110-capacity venue



So, costs are rising. But I think, again, one of the benefits of our place is that we only have two people on staff, and we get paid very little. And, again, if we're struggling economically, we can just stop doing shows. We don't have to do shows because it's people's desire to create that keeps the place running. If they don't want to do it, then we just won't have shows, or we'll have fewer. So, for us, it's easier to navigate the situation and make adjustments along the way if we're facing economic difficulties. In our city, there's this huge venue with 30 people on staff. For them, this economic situation is much more challenging because they have so many people on payroll and have this whole operation running.

Respondent from Finland, Tampere - 200-capacity venue



Basically, the economic structure of the venue—and of any venue—based on restaurant sales, has changed dramatically in the past two years due to the Russian attack on Ukraine and the financial crisis, or financial recession, that we've been living through. In other words, our venue was too small to operate profitably, or even break even. We were losing a lot of money because people couldn't or wouldn't buy as many drinks from the bar anymore, so we needed to upscale. We moved to a location about three times bigger. We're trying to cope with the economic challenges by increasing sales, so right now, we need double the amount of people to achieve the same sales we did before the war and inflation.

FULL STUDY

MAP OF CHALLENGES