

# **YOU CAN'T DOWNLOAD A LIVE CONCERT EXPERIENCE**

BY MICHAEL JACOBSEN

Good evening Minister Nori, UTS Board members and guests,

I am honoured that the University of Technology has asked me to address you today.

*You can't download a live concert experience.*

All of us here tonight share a great experience and passion — live entertainment. This ranges from concerts, to musical theatre, rock festivals, opera and ballet.

The Chinese have a saying, '*May you live in interesting times*'. Well we in the entertainment industry are certainly living in interesting times!

We are going through a revolution that has not just CHANGED the rule book. In some instances, it has torn the rule book up and thrown it out the window.

This revolution is the internet.

Tonight, I'm going to talk about the changing face of our industry and what we can do to come out the other side, bigger and better.

---

I am proud to say that my family has played a big role in the growth of the live entertainment business in Australia.

My father Kevin Jacobsen and my uncle Col Joye, started out as one of the biggest rock acts in the 50s and 60s, in a band called *Col Joye and The Joye Boys*. Col Joye was the first Australian act to go to Number One on the charts with *Bye Bye Baby*. They went on to release 50 singles, 30 EPs and 30 albums.

The Joye Boys ran their own dances at the Bankstown Capitol. In the 1960s, Kevin and Col set up the ATA talent agency and record label. And they found time to discover the Bee Gees

I'd also like to think that Jacobsen Entertainment has been instrumental in building up trust with overseas acts and agents. Kevin and Col were, and are, genuine. They never tried to rob anyone, never got into scams, and made sure everyone had a fair go. They were extremely liked because they would treat the roadies with the same respect as they would the headlining star.

Today, Jacobsen Entertainment has the Entertainment Centre and the Capitol Theatre in Sydney and we are building the Vector Arena in Auckland which will open in February. We have toured acts as diverse as *John Denver* and *Placido Domingo* and we've had huge success with the *Three Tenors*, *Barbra Streisand* and the *Bee Gees* — who drew 68,000 to Stadium Australia in 1999. Now we are producing *Dirty Dancing* around the world and have just completed Elton John's latest tour.

Now, to that revolution.

The Internet is a fantastic device which has increased the power of music fans and bands, and reduced the power of radio stations and record companies to decide what kind of music should be heard.

These days, you don't even need a hit single to tour Australia and make good money. This year, many new hard rock and hardcore bands, unknown to the mainstream music industry, toured here. They had big followings, developed through MySpace, YouTube and their own websites. There are six little known Australian acts, including the *Sick Puppies*, *Borne* and *Dear Operator*, who have scored American deals by being discovered on the Internet.

It's all very exciting news for music fans. But it's not helping the major record companies. Their profits are going south, and sales of physical CDs are diving. They've cut their staff, and the number of companies has been reduced from six to five. In 12 months, there will be, only four.

Even Elton John, who has just finished one of his most successful tours in Australia, selling well over 100,000 tickets, publicly criticised his record company Universal Music, for not promoting his current album.

The reality is that even major artists now have to go on the road to make money because of the drop in record sales.

This spring and summer alone, there were no less than 20 superstar acts on the road in Australia. The figures are astounding. *U2* sold 600,000 tickets. *Robbie Williams* moved 500,000. *Elton John*, *Pearl Jam* and *Kylie Minogue* were all shifting between 90 and 140,000.

2007 is already looking to be a strong year for tours. *Pink* started out with six shows and is now doing 23. Between now and April, the Entertainment Centre alone also has *Tool*, *Eric Clapton*, *Scissor Sisters*, *Il Divo*, *Evanescence*, *Crosby Still and Nash*, *John Mayer* and *Anna Vissi*

The fact is that more and more Australians are going out to see live entertainment.

According to *Live Performance Australia* - the association which represents promoters and festivals in Australia - in 2005 there was a 21% rise in gross box office revenue. 13.7 million tickets sold.

The biggest growth was in the rock, pop and dance sector, up 47.2%. This sector now accounts for a quarter of all tickets sold and 34.4 per cent of total industry revenue. Music theatre represents 21.3 %

So now we come to the crux of my speech - why is the live concert sector booming in Australia when the recorded sector is limping?

It's simple: you cannot download a live concert experience.

I have been a massive fan of the *live experience* since my first concert. It was in 1985 and it was Bruce Springsteen & The E Street Band.

The atmosphere and energy were incredible. He gave the audience hit after hit for three hours, and of course, the E-Street Band, as a live unit, were without peer. And when he pulled someone from the audience onto the stage and the crowd went wild, it was a complete adrenalin hit.

Two years later, I saw what I still consider to be the best show I have seen in my life. Michael Jackson. What a totally mesmerising performer.

Concerts still provide that unbeatable energy and vibe for me and many others.

Many Australian promoters are intrigued about why a huge portion of Australians are going to see concerts and shows — or, in the case of older music fans, why they are returning to concerts and shows.

There are many theories.

The most common explanation is that reality TV series like *Australian Idol* have brought music back into people's lounge rooms in prime time. About 1.2 to 1.3 million people watched the show EACH EPISODE this year.

During the *Australian Idol* tours — where the winners and runners-up combine to play shows around the country — the promoter gets up on stage and asks the kids how many are attending their first concert. 60 to 70% put up their hands.

Another reason that people are going to see live gigs is that more booking agents are taking their new acts to younger fans - in schools, regional areas, youth events and at Scout jamborees, which draw between 12 and 15,000 twelve to sixteen year olds. Again, this is the first time many kids experience a live band - and because of that, they remain loyal to the experience - and the band.

Another theory I've heard is that more people in their 20s are staying at home longer and buying their first house later in life. As a result, they are not tied down by a mortgage and have more money to spend. They focus on getting exciting life experiences. Going to concerts is one of these experiences.

Also returning to experience live shows are baby boomers, or people aged over 50. In 1996, 15.1 percent of music buyers were Baby boomers. This figure has risen to 25.5 percent and we've seen Bob Dylan, Barry Manilow and Rod Stewart all have Number One Records this year.

It took a tour like the 2002 *It's A Long Way To The Top*, which used acts from the 50s, 60s and 70s, to show how huge this market is in Australia. That tour sold 200,000 tickets and grossed 10 million dollars. This year, the *Countdown Spectacular*, which covered the mid-70s to early 90s, sold close to 90,000 tickets.

In Australia, there are more and more baby boomer festivals. The most successful have been the *Day On The Green* shows in wineries. These are set up by Melbourne promoters Roundhouse Entertainment, who are part of Michael Gudinski's empire. They started out in one winery in Victoria and this summer, they expect to take 28 shows to 120,000 people. Now they use acts from abroad as well - I believe that Jackson Browne sold more tickets for his winery shows than his city shows.

Rock festivals are also booming. Between now and next April, there will be 72 festivals held around Australia.

*The Big Day Out* remains the largest. Its six shows reach 250,000 consumers. How important is *The Big Day Out*? When tickets for the January festival first went on sale online, their site was getting 13,000 hits - PER SECOND.

By the way, here's a tip on how rock festivals choose the people they want to attract to their event. If they want office workers, housewives and baby boomers, they put tickets on sale at 9 am. If they want college students and Goths, they go on sale at 2 am

Rock musicals are also experiencing a huge growth in Australia. This indicates the growing maturity of the Australian concert market. Fifty years ago, there weren't many musicals, but now they're entrenched in our culture. *Dirty Dancing* and shows like *Mama Mia*, *The Boy From Oz*, *Dusty*, *Billy Elliott* and *Miss Saigon* are doing huge numbers.

*Dirty Dancing* did 650,000 tickets in Australia alone. In England it became the fastest selling show of all time, after record pre-sales of 20 million dollars. It is so massive there that is on sale until March 2008 and will run 3 to 5 years. In Germany it was the biggest musical that year. It will make its North American debut in Toronto next October. By the time it finishes its run, we anticipate it would have grossed tens of millions of dollars and I'm delighted that my company has the world rights to it

What's also positive is that other made-in-Australia musicals like *Dusty*, *The Boy From Oz* and *Priscilla Queen Of The Desert*, have also found international recognition, or are about to.

This all consolidates the belief of overseas booking agents, theatre agents, musicians and talent mangers, that Australia is a very strong live market.

---

The challenge for the live entertainment business now, is how to consolidate it, and how to draw even more customers.

Winston Churchill said that you find solutions for the future by looking at the past. As participants in the music and live industry, I urge you to go back and study the growth of Australia's live entertainment sector, and how it grew from a cottage industry into a sophisticated one.

Gone are the days when my father Kevin Jacobsen's secretary would wash Billy Joel's underwear in his hotel room at the Sebel Town House. The stars now stay in presidential suites and fly in Lear jets

And I shudder, imagining a time when tours and musicals took place without faxes, mobile phones, emails and blackberries!

The industry has also become a lot more competitive. Margins have decreased, as artists demand - and get - a bigger slice of the pie. Once, the share used to be 70% to the artist and 30% to the promoter. Now it can be as high as 95% to the act and 5% to the promoter..... In such an instance where the stakes are high, the promoter has to pray that there is no bomb hoax in the venue, airline strike or tsunami.

At the risk of being over-simplistic, there are two things obvious that we can learn from the past.

One, never be afraid of technology. When radio came, people thought records would disappear. TV came and people thought films would die. FM radio was going to kill AM radio. In the 80s, guitars were going to disappear because the synthesiser took over.

Two, remember that the live experience is mostly about the comfort of the customer. What can we do to get their loyalty? After all, these are the people who are paying our salaries.

We can do many things. Nowadays people can print tickets from a website or a mobile phone. We can include the car park fee with the price of the ticket. We can work out traffic issues so customers can get in and out of a venue without drama. We can keep upgrading the venues.

And we can get to know our customer. Which is harder than it used to be. Bringing us such a wide variety of entertainment, the internet is making individuals of us all....making our customers harder to gauge. You can no longer make business decisions based on the fact that all 18 years olds will purchase in a certain way, or that a 45 year old will think in a certain way. I know a 60 year old who loves hardcore punk music and I know 14 year olds who love old musicals.

As current and future promoters, we need to get out there and talk to our customers, eye to eye, and find out what they're thinking and what they want.

---

So, to the future.

I think there are many things we need to do to move forward.

As far as the internet issue goes, we should embrace it. Yes, there'll be a time when concerts will be streamed on the 'Net. Some promoters believe it will kill their market. Others, like me, believe it will only expand the market. Sure, it'd be good to see David Bowie play a show in Paris in the comfort of your home. But as I said, you cannot download the live music experience - you can bet that thousands of the people who see that webcast, will then want to see Bowie live.

Australian promoters also need to lobby the government harder to give the live entertainment industry the tax incentives that the film industry has, and which have helped it thrive.

And finally, we need to stand together and demand that ticket scalpers and E-bay ticket traders be dealt with by law. Queensland plans to increase fines, but the rest of the country is dragging its feet. It's an important issue because these scalpers are nothing more than parasites on our customers, whose greatest thrill is the live entertainment experience.

In summary, there are always obstacles and challenges like the internet. The only reason we might NOT be able to get past an obstacle or challenge, is if we continue to work with the same rules and business models.

So, as this industry goes through generational changes and the first breed of Australian promoters retire, I encourage all of us, armed with new ideas, to be the new blood.

Thank you for your time.