



PRS for Music

Popular Music Concerts Tariff 'LP'

Summary of consultation responses

PRS
for MUSIC

Published: December 2015

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Introduction

PRS for Music announced a consultation on the terms of the Popular music concerts Tariff ('LP') ("tariff LP") on 13 April 2015, following its research into the changes within the live industry since the introduction of the current tariff in 1988. The aim of the consultation was to conduct a review of the live music industry, to ensure that PRS operates an appropriate tariff for its customers and members. This report summarises the responses that we received to the consultation.

The consultation was undertaken in accordance with PRS's Code of Conduct, which requires us to consult relevant parties whenever significant changes are considered to our tariffs. Since our 2010 consultation on tariffs LP (Popular music concerts) and DP (Dance parties & similar events), which served as a starting point for our review of the live industry, we have undertaken a significant amount of research and analysis to understand the developments in the live music industry since tariff LP was last set and the current state of the market. This research has led us to question whether the current tariff remains fit for purpose. The purpose of the consultation was to invite our licensees, members and other stakeholders to comment on our research findings, as well as to request specific evidence to inform us of how best to move forward with the tariff and ensure that it reflects the realities of today's live market. A separate tariff that applies to live classical music concerts (Classical music concerts & recitals Tariff 'LC'), was not in the scope of this consultation.

As part of the consultation process we approached 2,488 tariff LP licensees (including live music venues and concert and festival promoters), as well as 31,968 PRS members who have received royalty income from live events licensed under tariff LP. We also welcomed comments from all interested parties.

To further encourage responses to the consultation, we featured the consultation in our social media channels and approached our licensees and members by email during the consultation period. We accepted responses via email to the consultation inbox, as well as via web form through the dedicated live consultation section on the PRS website, which also hosted all relevant consultation materials and documentation.

The consultation was initially set to run for a period of eight weeks. However, a three month extension until 30 September 2015 was granted on request by the Concert Promoters' Association (CPA), which stated interest in conducting its own research in response to PRS' research findings, including the choice modelling exercise. The extension was agreed to ensure that the CPA and other industry groups had sufficient time to respond to the consultation.

The consultation resulted in a total of 111 responses: 48 from our members, 54 from our licensees and 9 from other respondents. Collectively these responses represent the majority by revenue of the UK live market, not least because many of the individual respondents replied on behalf of a broad range of either licensees or songwriters. In terms of the response volume, we believe that we have secured a satisfactory consultation response.

The following sections of this document largely mirror the sections of the response form set out in the consultation documentation. In each section, we have gathered the responses received and summarised them. For responses that did not follow our prescribed response format, we have allocated them to the appropriate sections. Any comments that were not relevant to the topics we consulted on have been excluded from the summary. For the remainder of the document, respondents will be referred to as writer and publisher members, licensees, or group respondents (i.e. industry or trade bodies etc.), the latter in all cases having responded on behalf of licensees.

Key themes raised

Most respondents were in agreement that there has been significant change, development and growth in the live music industry since 1988. For concerts, the change was felt to have been most pronounced at large-scale events, which have developed many additional facilities and revenue streams. The festival market has seen a great deal of new entrants and diverse offerings. It was noted that small-scale events and venues operate in a different environment to large-scale events, have not witnessed growth to the same extent, and often face financial pressure.

Opinions on the implications of live market changes since 1988 vary greatly among respondents. Many songwriters and publishers felt that at present their contribution to the success of live events is not appropriately recognised and seek adjustment. Licensees generally felt that the market changes that have occurred were unrelated to the performance of songs and that no further recognition of the contribution made by songwriters is due. Festival licensees noted that the entertainment offering at festivals is not entirely music, and felt that a new system for licensing such events is necessary.

Opposing opinions from PRS members and licensees were given on the tariff's rate and revenue base. Many members felt that both the scope of the tariff revenue base and the applied rate should be reviewed, with the aim of increasing the compensation for the use of their works. Licensees were largely opposed to such a move for various reasons. Many viewed that their business models could not sustain additional payments to songwriters, while others felt that songs were not directly responsible for attracting audiences or growing their business. Both PRS members and licensees called for improvements to the practical process of licensing live events.

The minimum fee in the current tariff was flagged as problematic for small events. For some licensees the £38 minimum charge amounts to a higher effective tariff rate than the headline rate of 3%.

The contribution of songs to the success of a live event was raised as an issue by the choice modelling exercise, the results of which formed part of the consultation documentation. Members welcomed the findings demonstrating that concert goers are willing to pay a premium to hear their preferred songs and that music plays a key role in attracting a festival audience. The attempt to quantify this objectively was also welcomed. Licensees offered some criticism of the choice modelling findings and referenced alternative customer surveys, which found the line-up of artists or the general atmosphere to be the primary factor in the customer's decision to attend a festival. Some licensees felt that it was the genre of music on offer or specific acts that attracted their audiences.

Licensees were requested to provide information on ticketing, booking fees and secondary outlets. Some considered that ticketing had developed into a significant commercial activity in its own right. It was also stated that booking fee revenues go towards covering the costs of providing a modern ticketing system, often operated by third parties who also receive proceeds from booking fees. Limited information was received on direct ticket allocations and secondary ticketing.

Many licensees commented on ancillary revenues related to supplementary services and facilities outside of ticketing, and sponsorship. Some stated that they do not participate in these activities, while others noted that they are operated by third parties. Some licensees that do participate in ancillary revenue streams and sponsorship agreements stated that these had arisen from the need to meet higher event attendee expectations, or to cover the increasing costs of staging a live event. Some respondents took the view that sponsorship agreements are unconnected to the performance and performers of music.

Next steps

PRS will now seek discussions with the sector to define the future approach for licensing live events, anticipating a revised tariff LP to be presented in spring 2016.

Section 2: Tariff LP - General

2.1 Live industry changes since 1988 and the current state of the industry

Some licensee responses stated that industry growth has been driven by their investment, and that the increased returns from this investment have led to higher aggregate royalties for the members of PRS.

One of these responses identified three live industry sectors responsible for investment and subsequent growth since 1988;

1. Promoters and artists who increase the number and variety of events taking place by innovating with the production level and format of live shows
2. Venue owners and operators who enhance the customer experience by introducing new venues, by improving the quality at existing ones and by extending the offering of goods and services available
3. Festival owners and operators who have introduced a large number and a great variety of festivals across the UK

One group response said that profit margins are tight in a market that is increasingly competitive and high-risk. Another group response did not feel that proof had been offered in the consultation of market changes since 1988. That response stated that the Copyright Tribunal decision currently in place remains valid today. The response added that while the revenue structure may have changed in high profile venues, this was not the case across the market, a point similarly made by two individual licensees, which felt that changes are primarily attributable to larger scale venues. A writer respondent agreed that the market has changed, but did not feel that an increase in PRS fees was necessary as a result.

One licensee listed numerous changes to the industry since 1988, including growth in the number of small festivals, smaller audiences at small events, difficulties in the pub industry, tight margins for venues, lower fees for performers, and declines in recorded music revenue, noting that the market environment differs greatly now. The response added that the festival market has also changed, but that the examples of additional revenue given are limited to large festivals.

According to another group response, both fixed venues and festivals have contributed to growth in the live market, with an increase in the number of arenas leading to larger audience sizes. The response stated that venues have responded to increasingly high event attendee expectations by investing in more facilities, but that the resulting revenue growth has not come at the expense of ticketing revenues, which would cause a decrease in PRS royalties. Instead, the response felt that the proceeds from these revenue streams are additional, not substitutional to ticketing revenues and do not serve to subsidise lower ticket prices. They also added that as ticket revenue has increased, so too has PRS revenue. Expanding on this, another response provided examples of royalty values delivered by recent live events, and royalties generated at events by the same acts in the same or similar venues 9 to 15 years ago, noting increases in the aggregate royalty values that were larger than RPI growth over the same period.

A festival licensee also commented on this, stating that PRS receipts from their event had risen by 420% (versus an RPI increase of 174%) in the period from 1995 and 2013 as a result of their success in increasing ticketing revenue. In the same response, points were raised regarding TV coverage of one of their events benefiting songwriters via PRS broadcast licensing, and also via an uplift of recorded music sales, which PRS members also benefit from.

A group response felt that despite market growth, the live event revenue model associated with the performance of copyright works had not fundamentally changed. A licensee agreed that the basic model for holding a concert has not changed, but that it has been necessary to introduce additional revenue-generating facilities and services to meet the expectations of event attendees. The same licensee added that the live industry faces increased competition for the 'leisure pound' from other entertainment sectors.

Some member respondents said that live industry revenues have grown and that the way they are generated has changed. Another member felt that parties other than songwriters benefit relatively more from live events on the whole from the changes, and that composers should be recognised for their part in live events.

A publisher response said that the market changes mean that the current tariff is no longer relevant, and needs to be updated. A writer response agreed that it is correct to review the tariff, given the growth in festivals over the past 10 years, while another writer response felt that the market changes since 1988 meant that a thorough review of the tariff was required.

A publisher response said that the market had changed significantly, from a model that was predominantly driven by ticketing income consisting of a legitimate primary sector and an illegitimate secondary sector, into a multi stream revenue model in which items like food, drink, merchandising, parking and legitimate secondary ticketing directly or indirectly subsidise live event ticket prices, but revenues from which are only obtained by venues and promoters.

One group response pointed out that rising costs have driven up ticket prices, but that prices cannot continue to rise at such a rate without risking a negative impact on event attendance. This response identified three primary areas driving increased costs; the rising expectations of customers in relation to all aspects of the quality of live shows; rising event costs that the licensee cannot control; the demands of artists. They added that higher costs bring greater risk, a point also raised in another group response.

Commercial pressure at small venues and events was noted in responses from several licensees and group responses. Some group responses asked for support for smaller market participants, with one group respondent describing itself as an incubator of new talent. Another group response flagged the closure of a significant number of small venues and a reduction of music programming in others. The response feared that this would lead to a risk-averse environment to the detriment of the industry.

A writer member noted that live performance artist fees at small-scale events can be low or non-existent, especially for acts with a number of performers. The respondent added that as a result independent artists are more dependent on publishing income than ever. Another member added that musicians are often expected to play for drinks or for free, while a licensee agreed that performer fees have dropped at small-scale events. A further writer response expressed concern that any increase in PRS tariffs might be passed on to performers by venues that are operating on tight margins.

A group response requested that royalties and remuneration be considered as part of a wider ecosystem that should support the development of talent. Another group response noted the positive influence that small venues have on development of live acts. A licensee said that the tariff remains an issue for smaller pub and club venues and could be seen as an obstacle in development of new music. They felt that the tariff should be lower for events that support new talent. A writer agreed that live venues should be encouraged in this area. A licensee said that PRS should be investing in young bands and venues, and a group response suggested that events under 400 capacity or 250 attendees should be exempt from

the tariff altogether. A licensee called for the tariff rate to only apply to events with a box office value above a specified level and to take profitability into account.

One group response speculated that a future live music tariff might look to charge large venues a higher rate than small ones. Opposition to such a move was voiced in this response with the reason that this would be punitive to parties that had invested heavily and generated much of the growth witnessed in the industry. Two licensees also discussed the possible structure of a future tariff, hoping that any potential rate increases would come at a lower rate for small-scale licensees.

A number of individual licensees and two group responses called for the minimum fee to be eliminated. One group response pointed out that the minimum fee results in an effective tariff rate that is higher than 3% (the current rate) for events where the box office value is relatively low.

Several responses advised that there are financial constraints on charity and not-for-profit organisations. Some raised concerns about the fact that paying for a PRS licence decreases the amount that events can raise for their chosen cause. Some festivals noted their own charitable status, and in one case 100% of non-food traders at a festival were also stated to be charity-run. Two group responses voiced concerns about publicly-funded venues, with both arts and local authority funding under pressure at present.

2.2 Value of composition/1988 Copyright Tribunal ruling

Most member responses viewed songs to be more important to live events than the current tariff rate implies. Many member responses stated that an increase in the tariff rate would hence be needed. A publisher respondent felt that the current tariff discriminates against non-performing writers by artificially lowering the tariff revenue base. A writer respondent felt that while they would like to see songwriters receive more money, small-scale events and venues would struggle to cope with an increase in the tariff rate. That response suggested an expansion of the tariff revenue base as a compromise.

A number of member responses welcomed the findings of the choice modelling exercise carried out on behalf of *PRS for Music* for this consultation. One response found the findings significant and suggested they be used in a PR programme to better educate the industry on the contribution made by songs and songwriters. Another member response noted that while the contribution is difficult to quantify, the choice modelling exercise is a reasonable way of objectively doing so, and expressed satisfaction that such findings may lead to song value being more widely recognised.

Some licensee responses expressed doubt about the validity of the choice modelling survey. One group response said that the choice modelling analysis is inherently unreliable and cannot give meaningful insights into customers' relative valuations of different components of live events. They felt that the characterisations presented were not clear or well-defined, and therefore would be subject to each respondent's own personal interpretation.

For licensees, some of the group responses called for the tariff rate to be lowered. For concerts, one argued that the investment in additional services and facilities meant that the song now plays a less important role than previously. One of the group responses felt that value added by other parties has fuelled growth more than songs have. For festivals, another described events where other entertainment, such as theatre and comedy, play a significant role, and argued that this should be reflected in a separate festival tariff rate with discounts where other entertainment is prominent at an event.

Two licensees felt that while music was important to their events, the specific songs were less so. Two other licensee responses addressed the role of performers, with one saying that their own reputation for good curation was fundamental in attracting their audience, rather than specific acts, but a second saying that performers were the most important factor in the audience's decision to attend. Three group responses made reference to different surveys carried out on festival attendees about reasons for attending a festival. Two of the surveys found that the festival line up was the most important reason, while atmosphere was the most important in the third survey.

A group response noted that, in the choice modelling survey, only half of respondents rated music as the most important factor in their decision to attend a UK festival. The response said that this suggests that relatively few festival attendees place a value on the featured music when deciding to attend a festival. A licensee holding jazz events pointed out that in that genre the emphasis is on the performance, with the composition being of secondary importance. Another licensee said that they advertise nights by genre rather than specific songs.

A group response felt that the tariff should not be applied to small events, on the grounds that it takes money out of a market sector in need of financial support. Another group response said it would prefer the tariff not to be applied in mixed purpose buildings, where other PRS licences may already be held, suggesting that a separate live charge within such tariffs would represent an easier approach.

2.3 Is the current tariff LP fit for purpose?

Many responses from both members and licensees felt that the current tariff is no longer fit for purpose. Most member comments in this area viewed that the tariff was out of date, and that it does not deliver the appropriate value to songwriters in its current form. One publisher member response questioned the feasibility of keeping their rights in a blanket licence that does not deliver fair remuneration to the creator.

A handful of licensee responses requested a simpler system for reporting of events where non-PRS repertoire only was performed. A group response said that a higher tariff rate, such as the 10% rate in Croatia, might deter artists from touring.

A number of member responses questioned the 1988 Copyright Tribunal decision that led to the current tariff rate. In licensee comments on this topic, a common theme was the desire for festivals to be treated differently from concerts. One response called for a tariff that accommodates the diversity of festival event types, and some raised the idea of a separate tariff altogether for the festival sector. Another response said that tariff rebates might be appropriate in cases where additional licences are required, such as for Grand Rights.

Some of the group responses noted that the costs incurred when holding a festival differ significantly from events at fixed venues, with infrastructure costs being particularly important. Some of the group responses also drew attention to non-music entertainment forming part of the offering at some events. They felt that a lower tariff rate would better reflect the smaller proportion of musical entertainment in the line-up at such events. Some of the group responses suggested that a recently implemented tariff from IMRO in Ireland, Tariff MS (Multi-Stage Events), might be a useful guide to the possible structure of a tariff in this area. One licensee response felt that this tariff offered fairness to event organisers, festivals, songwriters and publishers. Another group response said that the current tariff remains fit for purpose and would like to see it remain in operation.

2.4 The licensing process

Many respondents made suggestions for improvements or raised issues with the current licensing process for tariff LP events. One publisher and a number of licensee responses found the process to be ineffective and overly complicated, and wish for a more simple system that requires less work for all parties. A number of responses called for more transparency and better communication at all stages of the process.

One of the licensees noted occasions when they did not receive replies from PRS to their queries. A publisher response suggested that having ticketing agents report on event revenue from events instead of venues or promoters could simplify the process and increase accuracy. One licensee response described difficulty in obtaining clear guidance from both PRS and PPL about exactly which type of licences were required for their event.

A licensee response noted that the reporting process felt burdensome for events licensed at the tariff's minimum charge, especially for events on which a loss had been made. A member response suggested that the responsibility of reporting should be with managers and publishers, rather than venues.

Several responses raised concerns about royalties not finding their way back to songwriters on all occasions. One writer response said that some of the venues they played at did not report to PRS. Another writer response said that they knew of writers not claiming royalties because of perceived complexity in the process.

Some responses called for automation and technological solutions to simplify the licensing process, reduce costs and increase the speed and accuracy in reporting and distribution. One writer felt that PRS should prioritise getting 100% of events licensed and processed accurately. Another writer response suggested a section of the PRS website with more information on live events where their works had been used and the associated royalty values.

The administration rates charged by PRS were questioned in a licensee response that asked whether large event money might be cross-subsidising the expense of processing smaller events, and said that if this was the case then a tariff reduction may be justified for the larger events.

Section 3: Revenue - Ticketing

A group response noted that ticketing has developed into a significant commercial activity in its own right, and that ticketing agents have played an increasingly important role in the market in recent years. The response added that ticketing agents benefit the industry as a whole by making tickets available 24 hours a day, 7 days a week, resulting in wider attendance of events and enhanced sales, but noted that this has brought additional cost to the supply chain.

A group response and three individual licensees noted that it is ticketing agents, rather than promoters, that charge booking fees on tickets. Two group responses noted that booking fees are present to cover credit card charges, which one stated are typically 2% of the transaction value. The other group response stated that booking fees are often revenue-neutral and cover costs.

Three licensee respondents provided data on the booking fees revenue that they earn, from which the average proportion was 5% of ticketing revenue. A group response noted that booking fees often vary between ticketing agents for the same event, and that ticketing agents retain the majority of the revenue generated by them.

A group response advised that ticketing agencies work on tight margins and that booking fees cover ticketing costs, such as infrastructure, staffing and technology. One licensee suggested that booking fee charges above the cost of processing should be included in the tariff revenue base. They advised that they charge booking fees of around £1.50 to cover their processing costs, and suggested that £3 would be a reasonable threshold for inclusion in the tariff revenue base.

One group response felt that booking fees are not directly connected with the performance of copyright works. Another group response suggested that booking fees, as well as the proceeds from secondary ticketing, relate more to the ease of the transaction and the artist/experience, than they are to the songs performed at live events.

Some members felt that the way to deal with booking fees and the secondary market is to make them illegal and eradicate them rather than include them in the tariff revenue base. One publisher suggested a system where PRS licence fees would be paid by primary and secondary ticketing agents, with any "door money" settled by the venue. A further writer response stated that ticketing agents should pay a percentage of their secondary ticketing income to PRS.

On secondary ticketing, a group response noted that it is a condition of their membership that festivals do not sell tickets through secondary ticketing web outlets. Another group response said that many of the licensees that it represents do not engage with such outlets. One licensee stated that it does not approve of the secondary market, and would support a move to include secondary outlet revenues from promoters and festival organisers in the PRS tariff revenue base. However, they viewed that fan-to-fan transactions should be excluded.

One group response stated that in some cases, a small proportion of tickets are reserved by the artist at a concert or a promoter of a festival for sale through premium channels, and that in most cases proceeds accrue to the artist. The response added it would be unreasonable to include such revenue in the PRS tariff revenue base. The same response added that, depending on the arrangement, the promoter may or may not share in such proceeds, and that there is every incentive for the promoter to maximise revenue from the primary sale of tickets. The response further added that secondary ticketing activity is dominated by non-licensee third parties.

One licensee said that they would like to see an end to sales on secondary outlets, whereas another licensee stated that most venues do not want their tickets to be sold at inflated prices, but have no power to stop it. This response questioned how a venue would be able to assist in the monitoring and reporting of any secondary ticketing activity. Two licensees noted that they do not participate in secondary ticketing, with one adding that it would not be right to include secondary ticketing revenues in the royalty calculation since the licensee would not be able to provide all the required details. A publisher response stated that the 'legitimate' secondary market did not exist until relatively recently, and now allows promoters to obtain enhanced revenues from secondary ticketing outlets. They advised that artists obtain these benefits indirectly in the form of higher guarantees.

One writer response said that all revenues that a promoter shares in should be included in the PRS tariff revenue base. A publisher felt that the tariff needs to be updated to include the secondary market and other revenue streams.

No respondents stated that they allocate tickets directly on to the secondary ticketing market. In a separate question, 26 licensee respondents commented on the split of their ticketing revenue between primary and secondary outlets; all 26 stated that 100% of their tickets were sold on the primary market. One member response noted an occasion where a promoter had advised that they were generating a great deal of income via the secondary market.

One of the consultation questions asked about the proportion of tickets distributed on a free or complimentary basis. Of 29 respondents, the average response was 3%, with a range from 0% to a maximum 16%. The licensee who gave the response of 16% noted that this was because some events required 'papering', a practice which sees tickets given away when sales have been lower than expected, to provide a better atmosphere for both the performer and those attendees that had paid for their tickets.

Another consultation question asked licensees whether or not any revenue in recognition of free or discounted tickets was received. All 34 respondents providing an answer to this questions said 'No'. A further question asked, 'Have you organised any bespoke sponsored events where material numbers of tickets are distributed other than through the usual retail channels (e.g. given away in competitions)?' All 32 respondents answering the question said 'No'.

Section 4: Revenue - Sponsorship

Twelve licensee responses commented on sponsorship. One group response advised that sponsorship of tours is not very common, and another said that in a sample of twelve festivals, ranging in capacity from 1,000 to 19,999, six were sponsored and six were not. The same response also advised that in some cases, sponsorship deals took festivals into profit. One direct licensee response stated that they have no sponsorship agreements.

A group response advised that the promoter does not usually share in sponsorship revenue at fixed venues, but does so at festivals as the 'owner' of the event. A licensee response said that sponsorship sometimes funded specific renovation items within venues, a point which was also made by a large venue operator. That operator estimated that thanks to such renovations, increased capacity generates tens of thousands of pounds per year in additional royalties back to PRS.

A licensee respondent suggested that their partnership with a broadcaster benefits PRS, since it generates music coverage that leads to featured artists receiving a share of the broadcast licence fee that is held with the broadcaster for their music use. The promotional benefit to artistes and performers from such coverage is also noted.

One group response said that sponsorship revenues are developed in addition to ticketing revenues, rather than at the expense of them, and also that there is no link between naming rights of a venue and the performance of copyright works in that building. A similar point was raised by another licensee, which said that its sponsorship agreements are unconnected to the performance and performers of music.

The questionnaire asked licensee respondents if they derived revenue from live event sponsorship. 34 licensees provided a response, with 76% answering 'No' and 24% answering 'Yes'. Seven respondents answered the subsequent question regarding the sponsorship's proportion of total live revenues. The average proportion was 2%, with a range from 0% to a maximum 5%.

Comments regarding forms of event-specific sponsorship noted an event programme, minor sponsorship towards production costs, or audience members celebrating a birthday. For other sponsorship types, one respondent said that less than 1% of all sponsorship was artist specific, and the majority relating to event promotion, while an event that featured a competition said that 50% of their sponsorship revenue was spent on trophies and 50% on advertising.

Section 5: Revenue – Ancillary Income

A number of licensees and two representative groups stated that ancillary revenues only occur at a small number of venues. Some individual licensees, group responses, and one writer response mentioned that in many cases, ancillary revenues are exploited in order to ensure financial viability for an event or venue. A number of these respondents stated that if PRS were to share in ancillary revenues, then they would not be able to continue operating, or that price increases would be necessary which would have a negative impact on sales. A group response and two individual licensees stated that ancillary income has become vital over recent years, while another licensee said that this was already the case for them in 1980.

A group response stated that the provision of additional customer services justifies higher ticket prices, which in turn increases the amount of money paid to PRS. Addressing the possibility of PRS applying the tariff to the ancillary revenue streams, the response said that the financial viability of events would be threatened, to the detriment of promoters, the public and songwriters. The response added that it should not be assumed that additional licence charges could be easily absorbed or passed on to customers as higher ticket prices.

The same response also argued that the value of the contribution of the song has been reflected correctly while the industry has grown, and to expand the tariff revenue base would lead to PRS royalty gains even though the contribution of the song has not increased. One group response and some licensees stated that the PRS tariff should only apply to ticket sales. Two group responses felt that there is no connection between ancillary services and copyright works, with one of them viewing that ancillary revenues are unrelated to ticketing revenues.

Similarly, another group response stated that significant investment has been made in the provision of new arenas, and that a tariff extending into items beyond ticketing would threaten their operating models. They also noted concern that such a model would be hard to apply fairly and consistently with another stating it would be hard to apply charges in a non-discriminatory way. The opposite argument was put forward in a publisher response which raised the concern that ticket prices might be driven down by the ancillary revenue streams like food and beverages, which might be more profitable revenue streams.

One festival licensee stated that while it does charge a commission to retailers of merchandise, this only covers costs, while for car parking there is a charge to encourage car sharing and to minimise the amount of land that must be rented to provide this facility. A group response stressed that higher turnover and revenue from ancillary items does not necessarily translate into increased profits at live events. Another group stated that the rising costs for promoters should be considered alongside increased ancillary revenues, and that these revenues should not be viewed as a windfall. One licensee suggested that declining recorded music sales have caused a rise in artist fees, with ancillary revenues being employed in order to meet the higher cost of attracting talent.

Two licensees questioned PRS's right to claim a share of ancillary revenues. One group response felt that this would put financial pressure on theatres, and raised the possibility of this leading to them hosting more events of other entertainment types, at the expense of live music events. Another licensee said that live venues should be encouraged to take risks. Many respondents flagged that while they are aware of ancillary revenue streams, it is often not the licensee that administers them; two group responses noted that if music is playing in multiple areas within a venue, such as catering facilities, then those areas may already hold a separate PRS licence.

Many publisher and writer respondents felt that the tariff revenue base should be expanded to include additional items, in order to appropriately compensate the songwriters for their contribution. One writer requested an expansion of the tariff revenue base but no tariff rate increase, as a way of compromising the need to keep pressure off venues but to more fairly reward songwriters.

Licensee respondents were asked to provide details on the structure of ancillary revenues related to live events. Very few responses contained information in this section. The following table summarises the data provided.

Percentage share of individual ancillary revenue streams of overall ancillary revenue

Section 5.3 – Please illustrate how your ancillary revenue is divided between the following elements

Ancillary revenue stream	Number of responses	Minimum	Maximum	Average
Food	5	1%	15%	6%
Beverages	7	5%	100%	44%
Merchandise & Programmes	4	1%	100%	50%
Travel	1	2%	2%	2%
Parking	2	1%	6%	3%
Accommodation & Camping	0	0%	0%	0%
Advertising	2	1%	12%	6%
Other*	3	15%	100%	68%

Note: Respondents were requested to provide the percentage that each ancillary revenue stream accounts for in their total ancillary revenue. In combination, item averages do not sum to 100%, reflecting the individual responses provided. Values within the table represent only those responses that provided an explicit value for the relevant ancillary revenue stream; responses left blank are omitted from the table data.

*"Other" revenue breakdown: 1 "Stall Fees" at 15%, 1 "Buying stall space by Traders" at 90%, and 1 unlabelled at 100%.

Section 6: Cost of staging a live event

A group response noted that creating a good line-up and atmosphere at a festival is expensive, which is reflected in the price of the ticket. One festival licensee stated that its build and infrastructure costs are substantial, while others listed costs relating to land rental, fencing, power, water supply/plumbing, and campsite security, other campsite infrastructure costs, trackway, ground maintenance, portable toilets, refuse collection, vehicle hire, plant hire, signage, banners and flags. They added that there are also technical production costs including staging, PA and lighting, marquees and tents used as venues, temporary infrastructure such as portacabins used as production offices and artist dressing rooms, radios and other onsite communications.

For fixed venues, one group response listed costs such as rent, rates, service charges and landlord fees, in addition to licence fee requirements related to the sale of alcohol and late night refreshment, TV and other music licensing costs, cleaning, glassware and operational charges, cost of sales for food and drink, and insurance.

Licensees were requested to outline the typical cost structure of staging a live event. Just under half of the licensee responses provided data here, which is summarised over the following tables.

Staging live events: Typical share of overall cost, per cost item

Section 6.1 - Please illustrate how the costs of staging a live event are divided between the following categories on average

Cost Item	Number of responses	Minimum	Maximum	Average
Artist compensation	25	2%	87%	39%
Production	25	0%	55%	10%
Venue Hire	24	0%	70%	6%
Staffing (Venue & Security)	25	0%	31%	19%
Promotion	26	0%	50%	5%

Notes: The majority of responses to this section were provided by small-scale licensees. Respondents were requested to provide the percentage that each cost item accounts for in the total cost of staging an event. In combination, item averages do not sum to 100%, reflecting the individual responses provided. Values within the table represent only those responses that provided an explicit value for the relevant cost item; responses left blank are omitted from the table data. Some respondents provided contextual notes for cost items with a response of 0%. For Production, Venue Hire and Promotion, several responses included an identical comment stating "the average show makes no contribution to these costs". In Staffing, three responses explained that they employed volunteers only, and so did not incur staffing costs.

A number of responses, almost entirely from small-scale licensees, included the following table describing other live event costs along with an identical explanatory note:

Cost Item	Average share of costs	Explanatory note
Services	0%	"Average show makes no contribution to these costs except Catering (which we are obliged by contract to supply) and PRS/PPL licensing. PRS licence fee is the minimum fee, on an average show this is 5% not 3%"
Catering	21%	
Insurance	0%	
PRS licence fee	5%	
PPL licence fee	1%	
Legal Compliance	0%	

Section 7: General comments to the consultation

One group response and a handful of individual licensees criticised PRS for undertaking the tariff consultation suspecting that the aim was to extract more money from the live sector. One licensee response suggested that any tariff changes would ultimately be made in an attempt to offset PRS revenue declines in other areas, such as recorded music. Another licensee also raised this point, adding that while they felt that PRS members are treated unfairly in the digital sphere, this was not the case in live music.

One group response said that PRS held a monopoly position that it was abusing, and acting in an anti-competitive manner. This and other group responses noted rising costs from PRS's financial summaries, in areas such as personnel, legal and professional fees, employee bonuses and pensions, property and technology, while two responses noted the salary of PRS's highest paid executive.

Elsewhere, a group response said that the aims and intent of PRS and small music venues are closely aligned and that this should be reflected in a new, mutually beneficial relationship. One licensee would like PRS for Music Foundation money to support the UK music scene rather than venues that primarily host events by international performers. A writer response called for better co-operation on live issues between all sectors of the music industry.



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Registered in England No. 134396

Version: PPS-LP-SR-v0.1: Published: Dec 2015