

What do Madonna, Jay Z, Shakira, Nickelback and U2 have in common? If you answered the obvious: that they are all multi-platinum recording artists, you are only half right. These artists have all but abandoned their traditional recording labels and signed to varying degrees with Live Nation Artists, the recording arm of the touring behemoth Live Nation.

Last year, Jay Z and Madonna signed to what industry insiders call a "360 deal" with concert promoter Live Nation. 360 deals are exactly what the name connotes: an artist signs over the entirety (or 360 degrees) of his or her management, exploitation and revenue from all entertainment related properties, which include: recorded music, music publishing, touring (ticket sales, and promotion) merchandising, endorsements, television, film appearances and DVD rights, licensing, sponsorships (both touring and non touring), retail merchandise, web site, fan club and literary rights to the 360 company often in exchange for large payouts. There is an upside for the 360 company as well: it now has additional revenue streams from merchandising and licensing. This provides the opportunity to cash in on revenue that traditionally belonged to the artist.

Largely in their infancy, the success and the return on the investment of these deals are still unproven, but there is no question that the state of the recorded music industry has paved the way for these revolutionary deals. Diminishing revenue from traditional music sales, fueled by the close of the bricks and mortars stores and increased piracy has yielded less money for the labels and the Artists signed to those labels. The 360 companies have sought to capitalize on the weakened state of the recorded music industry and increase their profit share and bottom line.

By signing Jay Z, Live Nation can tap into the merchandising and branding of a recording icon and fashion mogul. Nickelback's tours have been consistent money makers, albeit for Live Nation's competitor AEG Live. By snagging Nickelback as a 360 recording artist, Live Nation gets the rights to the band's concerts and promotion, but also take over the merchandising for those concerts; a coup for Live Nation, while simultaneously serving a blow to Bravado, who formerly handled Nickelback's tour merchandising.

But the major labels are not going down to the likes of Live Nation easily. It seems that over at the record labels, the old adage holds true: everything old is new again. The labels are going back to the "bad old days" (at least for the unsigned acts) by taking more rights than just recording and are now once again looking to secure their own 360 deals with new artists, and often refuse to sign deals where the artist will not agree to relinquish 360 degrees (or most) of their entertainment rights. The record companies are seeking to increase their otherwise lethargic sales by capturing revenue from the artist's touring, merchandise and ancillary income opportunities; spurring a marked increase in revenue for the label. This new formula may yield fewer acts for the labels because it is longer enough to be "solely" a vocal artist. If the artist doesn't write music, have the potential to tour and spin off into ancillary forms of revenue for the labels such as film and commercial opportunities, the record executives might not take a second look at this otherwise stellar songstress.

The question that becomes evident is this: if concert promoters and record labels are competing for the same type of artists and offering the same type of deals, which of the two is better poised to serve the artist? Assuming an otherwise equal playing field it would seem that the concert promoters (e.g. the Live Nations of the world) have a competitive edge for the artist. It is an unequivocal fact that record sales are down and touring and

ancillary income is where the artists are now more frequently making money. Live Nation owns or controls the venues, have forged deals with ticket marketers and televised outlets for additional exploitation of the concerts and other properties of the artist. Content is king; fewer off the top fees and the fact that they control those venues, means losses may be spread over more tour dates and other methods of exploitation generates more money for the artist. One shouldn't be so quick to count the labels out; they have proven to be comeback kings. As the playing field develops in this untested field, both may ultimately fall short. One thing is certain; the record companies are not going down without a fight.

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