

Concerts on Yahoo make best of industry struggles

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In this June 28, 2013 file photo, Dave Matthews of The Dave Matthews Band performs on stage at the Susquehanna Bank Center in Camden, N.J. Live Nation's partnership with Yahoo to stream one concert live every day _ which began with the Dave Matthews Band on July 15, 2014 _ is a rare win for music fans because it gives them high-quality concert footage for free in a way that also helps the companies providing it. (Photo by Owen Sweeney/Invision/AP, File)

Sometimes the struggles of an industry can bring music to your ears. And your screens.

Live Nation's partnership with Yahoo to stream one live concert every day is a rare win for music fans. The series, which began with the Dave Matthews Band in mid-July, offers free, high-quality concert footage in a way that helps the companies providing it, since selling ads is more profitable than concert promotion.

The deal opens up a new revenue stream for Live Nation, which reported second quarter earnings Thursday that fell short on profit but beat Wall Street's revenue expectations. And for Yahoo, premium video ad prices could be a cure for its plunging display ad rates.

Concerts globally are having a down year as a larger number of big acts sacrifice their own tour dates to play at popular festivals like Coachella and Lollapalooza, according to an analysis by the trade magazine Pollstar. And while Live Nation's events are doing better than the industry overall, the company takes a tiny slice of concert proceeds even as it invests in improvements to apps and websites to attract more people.

On the Yahoo Screen app featuring the new Live Nation channel, advertisers like Kraft, Kellogg's, Citigroup and Sprint are running pre-roll advertising and in-stream overlays. Given robust demand for the commercial time, Live Nation CEO Michael Rapino told investors in May the streams would be "a positive revenue channel almost (from) day one." He went further Thursday, saying he expects to expand programming with Yahoo and other distribution partners to help accelerate advertising revenue growth.

Another beneficial element of the deal: Live Nation isn't paying for the rights to the content. Artists, whose incomes are hurting from a decline

in digital downloads, are happy to allow their concerts to be streamed, mainly to promote future ticket sales and song downloads. Plus, the performers get to keep a copy of the show for re-use and DVD sales.

"We're getting paid in promotion and the fact we don't have to hire our own crew" to shoot the concert, said Brian Klein, manager of Los Angeles-based indie pop band Fitz & The Tantrums.

On August 20, John Legend will reprise Marvin Gaye's album, "What's Going On?" in concert at the Hollywood Bowl. Legend's manager Ty Stiklorious believes it might cost \$500,000 to shoot such a one-time-only event. But in exchange for Legend receiving a copy of the recording in about a year, Yahoo will cover venue fees, songwriting royalties, crew wages and pay for the 50-piece orchestra that will accompany the R&B singer.

"They said they would do it regardless of all the issues and complexities around filming it," Stiklorious said. "We're so excited and happy."

Artist managers don't fear a loss of ticket sales, either. Attending in person is far different from watching from a couch or on a mobile device, they say. And usually, the event is already sold out or in a far-off location —like Justin Timberlake's upcoming Aug. 24 concert in Iceland.

Increasingly, Live Nation Entertainment Inc. is becoming an advertising business that uses concerts as its "content." While the company loses money putting on the concerts themselves, advertising and third-party sponsorships at venues have become its most profitable segment.

"Concerts, on paper, are very low-margin and as a result they have to push margin into other areas of the business," says Rick Tullo, an analyst with Albert Fried & Co. "Advertising is the big one."

Last year, Live Nation lost nearly a penny for every dollar it made in concert promotion revenue, which rose 17 percent to \$4.52 billion. But it kept two-thirds of every dollar made from advertising, which climbed 15 percent to \$284.7 million. Profit from advertising was nearly twice as big as profit derived from ticket-selling, which makes it even more important to the company as it seeks its first year of positive net income since 2004.

On the concert deal, Live Nation will split ad revenue 50-50 with Yahoo after Yahoo recoups the costs of shooting and producing the concerts.

For Yahoo, the deal helps bolster multiple areas of weakness: by paying for exclusive content, Yahoo hopes it can boost the price of ads. Prices for display ads, once Yahoo's mainstay, fell 24 percent last quarter, offset only by greater volume. Still, the result was an overall 4 percent drop in the company's revenue to \$1.14 billion.

"We've continued our focus on video with investments in unique premium content," Yahoo CEO Marissa Mayer told analysts on a conference call this month. "Fundamentally, premium content draws premium advertisers."

Now Yahoo just has to get [concert](#) lovers to tune in.

More information: Yahoo Screen's Live Nation channel:
yhoo.it/Ur8OQB

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