

A Breakdown of Live Nation and their Business Through a Lean Canvas

Introduction

To musicians and fans alike, live performance is a crucial part of experiencing music culture. Starting from the early days of Minstrel Shows, all the way to festival DJs playing music for a large crowd, live music has always been a part of the industry. In the paper *The Economy of Live Music in the Digital Age*, Holt says “live music has become a major domain and structuring force in the economy of music” (Holt, 2010). It is also what keeps the wheels turning at any indie or major label. With *Spotify* paying around \$0.003 per stream, independent artists’ understand that live music is what drives revenue generation (Business Insider, 2021). The live music industry has seen a huge boom since 2014, growing almost \$1B per year and reaching a total yearly revenue of almost \$29B in 2019 (Statista, 2021). It seemed as if live music was an unstoppable force, until the COVID-19 pandemic hit, and everything came to a halt. One part of the industry kept growing though, and actually flourished over the pandemic. It even broke artists into the mainstream, replacing what normally only live music could do. Social media is now a big player in live music, but will it remain like that? Many artists attempted to host live streamed concerts, but they realized that other than their die hard fans, no one wanted to watch them. Popular music blog *StereoGum* writes “what has been really, truly dispiriting is the ceaseless sequence of sanitized at-home performances thrust upon us by the world’s celebrities and major media outlets” (Stereo Gum, 2020). Virtual concerts simply do not give viewers the same experience of being in a crowd. Singing at the top of your lungs along with other people, feeling that bass rumble through your bones, and almost passing out from dehydration is what you pay for. With the pandemic restrictions now starting to ease in countries like the UK, Canada, and USA, artists are now starting to re-announce major tours and concerts. With *Live*

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Nation Entertainment being the biggest event promotion company in the music industry, just how much revenue will they make as live music returns? Also, how have they chosen to adapt to the new market and its restrictions? After being hit with a huge lawsuit for overcrowding during Travis Scott's *Astroworld* incident in 2021, it will be interesting to see how *Live Nation* will carry themselves in this rapidly changing market. To analyze this, I will break their company down in the format of a LEAN Canvas and formulate arguments for each section while looking at their micro and macro factors in their business environment.

Customer Segments + Ideal Customers

In 2010 *Live Nation Entertainment* began as an American entertainment company. Initially they operated as promoters and merchants for tickets to live events. Now they work globally in their own venues and others. They continue to act as promoters and live event managers while also managing their own roster of artists. The globalization of *Live Nation Entertainment* began in 2012 with a partnership between *Live Nation* and *Creativeman Productions* - a company based in Tokyo, Japan. From there, *Live Nation* continued to announce more partnerships and acquisitions of other live event companies around the world. Today *Live Nation Entertainment* is made up of *Ticketmaster*, *Live Nation Concerts*, *Artist Nation Management* and *Live Nation Media/Sponsorship*, and they continue to grow globally even after being hit hard by the pandemic.

Operating in over 40 countries, *Live Nation* is the largest and most profitable events promotion company in the entertainment industry. They primarily work with top tier music acts who are able to sell out large stadiums and put on large scale shows that are able to generate a highly profitable amount in ticket sales. Drake, Beyonce, Coldplay, Travis Scott, and many festivals are just some of the artists they have promoted events for. However, they do not only

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work with music artists. According to *Celverism*, *Live Nation* serves 4 main customer groups but primarily focus on individuals and corporations in the entertainment event sector. The first group is event promoters, sports teams, talent agents and venues. At these places, *Live Nation* provides ticketing, promotion, and venue operation services. The second group are customers or “fans” which is who *Live Nation* sells its event’s tickets, merchandise, and concessions to. The third segment is Artists, *Live Nation* also operates an artist management sector in which they offer promotion and bookings for their artists. The 4th and final group of customers are advertising agencies and brand marketers or businesses looking for sponsorship opportunities. *Live Nation* is able to put up advertisements of other companies on display during events for a higher cut.

Customer Problems + Existing Alternatives

Live Nation has a number of customer problems that require solving both in the micro and macro categories. For their first group of customers (event promoters, sports teams, talent agents and venues), the biggest problems would be booking a venue, managing the venue, liaising ticket sales, and managing the show as well as ensuring the venue is properly staffed. Depending on the size of the venue and artist that is performing, this customer group may be able to find alternatives to *Live Nation*’s services. For example promoters and talent agents may have their own network of event companies that can offer a better rate however, it depends on scale. *Live Nation* has access to some of the biggest venues in the world, as well as festival space. That being said, *Live Nation* is a participant in the “High - End” live events industry and only takes on large acts that can sell tickets. According to *The Motley Fool*, the only other two relevant competitors with similar business models and industry placement are *Madison Square Garden Company* and *Anschutz Entertainment Group* (The Motley Fool, 2018). However their market share is not even close to *Live Nation*’s, no other company is. “Madison Square Garden

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as a business, they're primarily a venue operator. I believe they own stakes in the New York Knicks and things like that, but they're primarily a venue operator. They own, of course, obviously, Madison Square Garden, Radio City Music Hall, the Beacon Theater. Some very large, well-known venues across the United States" (The Motley Fool, 2018). The catch is though, *Ticketmaster* provides all the ticketing for these venues, so *Live Nation* is still involved in their competition's business. AEG on the other hand is "much more of a venue operator, have some presences in Europe. They operate the Coachella Music Festival. They operate some significant aspects. But their ticketing service, AXS, is nowhere near the size of *Ticketmaster's* network. They're just really not in a position to overtake Live Nation because *Ticketmaster* is such a large network and so ingrained" (The Motley Fool, 2018). So for their first customer group, *Live Nation* seems to dominate the market within the high end events industry by providing macro solutions that solve the problems for everyone's business. However, for their second group ("fans" which is who *Live Nation* sells its event's tickets, merchandise, and concessions to), they don't have the same level of diversity in event offerings that other ticketing sites have. This group's biggest problems would be having a show to attend, purchasing tickets, and enjoying their overall experience at the show. Safety is also a big concern in high - end events where the attendance is high or when recovering from a Pandemic. *Live Nation* was incharge of the logistics for Travis Scott's *Astroworld Fest* in 2021 where overcrowding and understaffing led to the death of 10 fans (The Guardian, 2021). *Live Nation* is responsible for the staffing of the entire venue, including concessions and security. Going back to the problem of event diversity, the only other ticketing service that has high event diversity would be *Eventbrite* however, their responsibilities do not run as high. The level of attendees at their events are significantly lower than *Live Nation's*. For example, in the United States, *Live Nation* is responsible for NFL games, whereas *Eventbrite* is responsible for College Football. Both of

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which have large followings in the USA, but the NFL is just that much bigger (The Motley Fool, 2018). Fans also can face numerous macro problems with things like their income, savings, disposable income, and whether or not they want to continue making leisurely purchases or purchase premium tickets. *Live Nation* is unfortunately stuck in these types of situations since they only host high-end events for top tier artists. Meaning tickets are generally expensive unless fans want to have nosebleed seats, but there are only so many available. For their third customer group which are artists, many problems are faced by the artist's team rather than the artist themselves. The booking agents need to find venues and promoters for the artist in order to book them gigs, *Live Nation* offers both of these services. Furthermore they are also able to liaise selling the tickets to events. *Live Nation* also solves the problem of a tour manager by providing a managerial service for artists on their roster. Logistics are also a major issue for artists as their team has to secure transport for gear and merchandise. If the artist is not on tour and is doing a festival or one off show, most likely they have not hired a logistics company to transport their gear and merchandise. *Live Nation* is able to offer this and help the artist move gear and merchandise. The benefit to *Live Nation* doing that as well is that they also manage merchandise sales in the venue and they also have their own staff to set up the gear. The 4th and final group of customers are advertising agencies and brand marketers looking for sponsorship opportunities. This group has the most unique set of problems out of all the customer groups. The biggest problem would be finding a place to showcase their brand during a show. For sports events it's easy as there are intermissions, jumbotrons, barriers, and more varied concessions. All of which are easily visible in a sporting event because the arena would be fully lit and the focus of the audience changes throughout. However with an artist or performer, it is much more difficult because the brand has to be integrated with the artists' or performer's branding and stage design. The focus is also on the mainstage so finding

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placement throughout the arena would be difficult. Certain brands also may not want to associate with certain artists as well. Furthermore, arenas are usually owned by a company so other brands or the company on the arena might not want to associate with each other. There could also be conflicts of interest, for example Corona beer would not be sold at the Budweiser stadium in Toronto, Canada. The benefits of advertising at a *Live Nation* event is the reach a brand will receive due to the high attendance at these events. Another benefit is that *Live Nation* is in charge of the entire venue when hosting a show. Meaning they would allow brands to utilize screens throughout the arena, signs in bathrooms, entries / exits, as well as named rooms such as VIP lounges. There are not really any alternatives to *Live Nation* in terms of branding opportunities simply because *Live Nation* runs the entire stadium for the length of their show. If it was a different events company, they might hire or let the venue decide on the advertising for the event.

Internal Problems / External Factors

Being a live events company, *Live Nation* is faced with multiple issues ranging from micro to macro and internal to external. Some problems are more prevalent than others given the pandemic and other issues that have happened recently at their events. However due to the influx and desire to see live music again, overselling tickets and overcrowding is a micro issue with a potential to get *Live Nation* into trouble again. The incident at Travis Scott's *Astroworld Festival* in 2021 which led to deaths and injuries was a result of overcrowding, understaffing, and overselling of tickets (The Guardian, 2021). All internal problems that could have been solved.

Due to the fact that *Live Nation* runs the entire event and venue, they must be careful of staff and union member injuries to avoid any lawsuits. Liabilities are an expensive part of any business and the more shows they decide to host at a single time, the more liability they take

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on. A risk also comes with getting insurance for an event or venue, and this is a key micro factor that could prevent a show from happening. Liability also increases depending on the demands of the event. In their 10-K Report *Live Nation* also said “*There is the risk of personal injuries and accidents in connection with our live music events, which could subject us to personal injury or other claims and increase our expenses, as well as reduce attendance at our live music events, causing a decrease in our revenue*” (Live Nation, 2021). Some events may also require pyrotechnics or fireworks etc. and this is not something that only puts the staff in danger. The audience is also put in danger and this causes a huge liability for *Live Nation* as any injuries would be expensive for insurance, reputation, as well as for the venue itself.

Live Nation can only service a finite number of customers at a time from each customer group. So decisions must be made as to who they will prioritize by looking at the profit and opportunity costs of each show. Another micro factor according to their 10-K is making sure they can secure a venue for a planned event. All of the above factors take part in the decision making of which customers *Live Nation* wants to serve.

Live Nation's issues can also stem from their customer groups as well. Furthermore in their 10-K report they stated that “*Our business is highly sensitive to public tastes and is dependent on our ability to secure popular artists and other live music events, and we and our ticketing clients may be unable to anticipate or respond to changes in consumer preferences, which may result in decreased demand for our services*” (Live Nation, 2021). This would be a micro force stemming from their second customer group. There are also micro problems in their first customer group regarding relationships. They said that “*Our business depends on relationships between key promoters, executives, agents, managers, artists and clients and any adverse changes in these relationships could adversely affect our business, financial condition and results of operations*” (Live Nation, 2021). As *Live Nation* is an events company, they still

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require people to put events on for. These relationships are key to making the business work because without events to put on, all other customer groups would be non-existent.

The business also faces macro factors from the market they operate in rather than purely internal issues. The biggest macro business problem that negatively affected *Live Nation* and all four customer groups was the pandemic. Artists lost money, brands lost money, fans lost money, and so did *Live Nation*. All artists were not allowed to tour and they were forced to do online shows which were not the same. In their 10-K Report *Live Nation* stated “*We may be adversely affected by the occurrence of extraordinary events, such as terrorist attacks or disease epidemics*” (Live Nation, 2021). Now with restrictions being lifted, fans are able to perform again with minimal restrictions. On the note of “acts of god”, weather is also a factor especially when *Live Nation* hosts outdoor events like festivals. “*Poor weather adversely affects attendance at our live music events, which could negatively impact our financial performance from period to period*” (Live Nation, 2021). This was also stated in their 10K report where they acknowledge that due to weather they may have to reschedule, cancel, or relocate certain events. This would incur extra costs, or result in a mass refund - making *Live Nation* lose a lot of money after paying fees to set up the event. Furthermore, due to the fact that *Live Nation* is selling entertainment and there is an exchange of value involved, the economy is a huge factor that can sway ticket sales in a negative direction. Their 10-K report also states that “*Our success depends, in significant part, on entertainment, sporting and leisure events and economic and other factors adversely affecting such events could have a material adverse effect on our business, financial condition and results of operations*” (Live Nation, 2021). A recession or market crash would cause people to stop purchasing luxury goods and entertainment. This would greatly impact *Live Nation*’s revenue in a negative way. All that being

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said, no businesses exist without issues, but there are numerous businesses that exist without things that *Live Nation* can provide to its customers.

Unique Value Proposition

Live Nation became the company it is today after a merger with *Ticketmaster* in 2010. This means they were built to do much more than just promote events and artists. They are also able to cover events across the entire entertainment business by providing ticket selling services and venue specific services. They host a variety of events across all music genres and they also put on festivals and provide tickets for sporting events. Having this versatility allows the company to deal with the macro environmental forces that affect this business' field of work. For example, their events are not reliant on one customer demographic. This also ties into their pricing strategy - an effective micro business strategy that can distinguish them amongst competitors. Depending on an attendee's financial situation and how much they want to spend, *Live Nation* is able to sell tiered priced tickets for different events. They are also able to host events that are cheaper to watch or more expensive depending on their desired customer. Furthermore, *Live Nation* is able to offer its customers their digital ticket software and selling tools - something no other events company can offer. Having been joined with *Ticketmaster*, they are able to bring their ticket selling experience to everyone. They even allow certified reselling of tickets at their events making reselling safe and taking power away from scalpers. They also are able to use these tools to generate profit for brand partners. For example, *Ticketmaster* and *Live Nation* have a deal with *American Express* which allows card holders to gain access to ticket presale. This encourages customers to do business with *American Express* and spend their money on concert tickets. These types of partnerships can only be made after a company gains enough reputation and is able to provide value both for the customer and the

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businesses. These partnerships with *Live Nation* are seen globally - due to their footprint and reach. Due to the scale of the company and the fact that they operate across the globe, they are able to provide a customer reach that no other events company can offer. According to Music Business Worldwide, in Q3 of 2021 *Live Nation's* revenue was over \$2.7bn (MBW, 2021). That is profit that no other events company is seeing - especially after the pandemic. How is this revenue coming in though?

Revenue Streams + Cost Structure

According to *Cleverism*, *Live Nation* generates revenue by providing services like ticketing, artist management, event promotion, and advertising. They do not take an upfront cost from customers that they host an event for, however they take a percentage of all money generated in association with and during the events that they take part in. For example, *Live Nation* charges heavy service fees on all tickets sold during shows that they promote, and takes an even larger fee for shows that they host. This means that ticket buyers are essentially paying *Live Nation* on behalf of the artist or performer. Furthermore they also generate revenue from venue profit as well since they are in charge of operating the venue. This profit includes parking, concessions, seat upgrades, and more. Venues also take a percentage on merchandise sales, however that fee varies venue to venue. *Live Nation's* case is a bit different. Since they manage the venues on the day of the event, they also take a percentage from that as well. During an actual event, sale of alcohol generally generates the most revenue for a venue as it is the most expensive drink available to purchase. There are also miscellaneous revenue streams integrated into the venue. For example, ATM machines and coat check are used by a large number of attendees and can easily generate thousands in one night. Furthermore, *Live Nation*

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also takes a percentage off of artists that they are managing. Actual percentages are not disclosed publicly however, legally they would not be allowed to take more than 20%.

Live Nation is also a publicly traded company which means they earn money when people or business owners purchase a stake in their company. In 2020, Saudi Arabia's Public Investment Firm purchased \$500 Million worth of shares in the company. Those types of purchases trade off company control for capital (Forbes, 2020). Their investment made them the 3rd highest stake holder in the company.

Apart from their revenue streams *Live Nation* incurs costs from numerous aspects of their business to make the latter possible. They have to pay their artists, the show production fees, upkeep of their online services, marketing, and management. *Live Nation* has over 44,000 employees worldwide who are all on salary as well. During the events, *Live Nation* also has to make sure all concession stands are stocked and there is enough food and drink for all attendees. Venue staff also have to be paid such as parking attendants, security, sales staff, coat check, information staff, janitorial staff, and more. For any show crew, at large events they are usually paid by their union and *Live Nation* does not have to worry about that.

Channels to Customers

Live Nation's most publicly accessible channel is their official company website or *Ticket Master's* official website. This is where people can see upcoming events and information about them as well as purchase tickets or share the event. This is probably the most used website

they have as it is what generates them revenue before an event. However *Live Nation* also has a corporate site for investors, employees, or anyone looking to do business with the company. This website has information such as press releases, yearly and quarterly revenue information, and a section for people to apply for jobs. They take applications for their 32 offices around the world in which they can connect with prospective customers locally. *Live Nation* also communicates through advertising and marketing. Almost all of their marketing is targeted to event attendees in order to drive up ticket sales and ensure that their events are sold out. They use all of the most popular social media platforms as well as Google Ads and print ads in cities that an event is taking place in. Their logo is often on event posters as well which provides them with subliminal advertising for brand owners or investors that are interested in advertising their company during a particular event.

KPIs

According to *Live Nation's* K-10 financial report, they monitor performance from the number of fans attending shows, the number of events held worldwide, and the number of tickets sold at these events. They are also compared with 2 years previous to the year end of the current report. The last two years are drastically different from each other due to the pandemic and the industry wide shutdown. However looking at the report, there is a clear bounceback happening and *Live Nation* should have no trouble because of its uniqueness in the market.

Unfair Advantage

According to *Barrons*, a stock investing magazine, "Live Nation is the largest talent management business in the world. LYV has exclusive rights for over 500 top-tier artists or approximately 40% market share of top-tier talent" (Strauss, 2021) . Furthermore, ever since

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their merger with *Ticketmaster* in 2010, *Live Nation* has had over 70% market share in the concert ticket market in the United States. They also have a market share of 30% globally in the live events market. As of 2020, *Live Nation* also now owns all content and its distribution of their events (i.e event recordings etc.) and with over 400 million fans attending their concerts, they retain 30% market share of music content distribution as well. No other events company in the high end sector or any sector for that matter, offers the range of services that *Live Nation* offers. No other company acts as a promoter, manager, venue operator, ticket seller, and offers full venue staffing. However as stated above, none of these would be possible without its associated risks and costs.

Conclusion

After breaking down *Live Nation*'s business using the LEAN Canvas method, as well as analyzing their micro and macro business problems, I've come to the conclusion that *Live Nation* is a one of a kind company in the market that they operate in. Having majority of the market share in the high end events industry, they are able to provide a number of services that no other events company can offer. Being a publicly traded company as well, they are able to receive funding from the sale of shares in their company. I think based on their business model, opportunity costs versus revenue, they will be able to make a strong comeback from the pandemic and make their highest grossing year ever.

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