

The Value of Music: The Draw of Live Music Two studies by Dr Adrian C. North



Introduction

This is a summary of the full paper which was prepared by Dr Adrian North for The Performing Right Society (PRS) in 2002.

The report details the results of two studies carried out by Dr North into the draw of live music and the financial gain associated with using live music in comparison to background music.

The first study was conducted at a venue in Glasgow over two floors using the two variables live music and background music. Although the methods of performance were different the music remained the same; the former was the tribute band 'The Sounds of Simon and Garfunkel' who mirrored the CD of Simon and Garfunkel's live recording 'The Concert in Central Park' which was playing as pre recorded background music.

The second study uses data supplied by a venue in Oxford showing an analysis of financial data that illustrates that live music has the potential to produce significant profits.

The reports also surveyed the attitudes of customers to the music played in an attempt to discover what makes live music such a draw. Overall the key findings were:

- 1. Live music attracts customers who want to socialise with other people in an exciting atmosphere**
- 2. Live music generates profit through bar sales**
- 3. Live music events can create the right image for your venue**

Study One – Glasgow Venue August 2002

The first study compared the effects of live music and pre recorded background music. The venue allowed us to determine the extent to which live music is or is not incidental to an evening socialising. This venue has two rooms, one on the ground floor and one on the first floor with both floors having licensed bars. Throughout the evening two people counted the number of customers in the ground floor bar and the first floor live music bar. This process was repeated at various points in the evening. In addition to this, before the concert began, customers were given a sheet of paper asking them to write a few sentences in answer to the question **“Why do you come to live music events?”**

Flyers were distributed in both rooms before and during the concert: These said **“Thank you for coming to the gig tonight. During the gig, the bar downstairs will be playing the same songs taken from a CD of Simon and Garfunkel’s acclaimed concert in Central Park. Also, during the interval you can hear some of the best songs from this CD. Why not come downstairs and relax in the space and comfort of our own bar”.**

During the study the first floor bar featured the tribute band ‘The Sounds of Simon and Garfunkel’ performing cover versions of the American singer-songwriters music. The tracks played upstairs mirrored the downstairs bar CD – ‘The Concert in Central Park’. So for example, while the band upstairs played ‘Scarborough Fair’, people in the ground floor bar heard this song being played from the Simon and Garfunkel live CD. This meant that at any point in time the only difference between the music playing upstairs and downstairs was that the performers of the former were physically present. The live concert on the first floor featured a 15 minute interval, during this time some of the best-known songs from the CD were played in the ground floor bar.

The results demonstrated the draw of live music

When the first floor bar playing live music opened at 8.30 pm there were already 68 customers in the downstairs bar. Between 8.30 pm and 9.00 pm a further 69 people arrived bringing the total to 137. The band was due on stage at 9.00 pm so the assumption can be made that these extra people arrived just for the concert itself.

Accompanied with this is when the band were due to start out of the 137 people only **17 (12.%)** remained downstairs to listen to the CD. The remaining **120 (88%)** opted to go to the upstairs bar to watch the live band. It is also important to note that admission to the live concert cost £4 each.

However, during the interval when all the customers were given the opportunity to roam between the two bars and listen to the CD in the downstairs bar **none (0%)** returned downstairs to purchase drinks and listen to the CD with a ‘clean conscience’. This is despite the extensive advertising upstairs of the same music being played downstairs. **A testament to the draw of live music is that out of the 17 people remaining downstairs during the first half of the performance 10 actually bought tickets and went upstairs to watch the tribute band.**

Bar Sales

This provides clear evidence of the power of live music over pre-recorded background music to draw people to a venue. It is worth noting that drink sales followed the same pattern as illustrated in the table below:

	Upstairs Bar	Downstairs Bar
7.00 pm – 8.30 pm	N/A	£181.10
8.31 pm – 10.00 pm	£510.12	£308.02
10.01 pm - Closing	£226.68	£202.23

The table of bar sales indicates that the sales were higher in the upstairs live music bar than in the downstairs pre-recorded music bar between 8.31 pm – 10.00 pm. Once the concert ended, bar sales upstairs and downstairs were more similar, with just over £200 being spent in the both bars. To summarise; **live music attracted bar sales, and once the live band ended the sales evened out across the two bars.** It should be noted that the band charged a fee of £400, and the net profit for the evening was around £700.

Why does live music attract customers?

To investigate whether live music attracts customers two observers counted the number of people in each party as they went to the upstairs bar. The number of parties of different sizes is shown in the table below. The results shows that approximately two-thirds of the audience (63%) were couples (which were usually male-female), and that over three-quarters of the audience comprised of either two or three people.

Number of people in party	Number of parties of this size	Total number of people	Percentage of total audience
1	8	8	6.67%
2	28	76	63.33%
3	6	18	15.00%
4	2	8	6.67%
5	2	10	8.33%

Further evidence for the primarily 'social' function of live music was obtained from a questionnaire distributed around the downstairs bar prior to the commencement of the concert. To reiterate, this asked respondents to write a few sentences concerning **"Why do you come to live music events?"**.

Customer perceptions of atmosphere

A selection of the actual responses is provided in the table below. However, by way of summary, it is clear that almost all responses involved the following (in order of importance);

1. For an exciting atmosphere
2. To enjoy socialising with other people
3. To hear music as it is meant to be heard
4. To do or hear something different

#1 Authenticity
#2 The atmosphere
#3 I enjoy the social aspect of live music. We travelled 200 miles to see the show and it will make a weekend away
#4 I want to keep music live
#5 I love to mingle with people of a like mind and feel the vibe
#6 I really enjoy the atmosphere and like seeing new bands
#7 Hearing live music sounds completely different to listening to it at home. I like to soak up the atmosphere of a live venue
#8 I like the atmosphere and I see bands that I would not otherwise see
#9 The atmosphere is better
#10 It's normally a better atmosphere and a chance to meet people
#11 Unique atmosphere of live music – something not achievable in the lounge of a flat
#12 At the end of the day it's live and so not your average night out
#13 I like to hear how good they are singing live. I also like the atmosphere from the audience
#14 I enjoy the atmosphere of a gig. It is enjoyable to come to a venue and hear some of my favourite bands in a 'raw' environment. Also, coming to gigs allows me to hear bands that I previously had little knowledge of. I enjoy the sociability of gigs
#15 To have a few beers with mates. Also, the whole atmosphere of people who like the same music as myself. You will also hear songs that the band won't record, say cover versions. Support bands are good as you can see some new bands as well
#16 Nothing beats the sound of live music. The atmosphere of a crowd makes it all the more worthwhile
#17 It's a damn fine night out!
#18 You have the added benefit of being in your friends' company and sharing the experience. And you can have a sociable drink!

Study 2 - Oxford Venue

This Oxford live music venue is situated close to the main student areas of the city. The venue put on 80 live concerts in 1999, the most recent year for which complete financial information is available. Key financial data concerning these 80 concerts is shown below.

	Mean average per concert	Lowest value for any one concert	Highest value for any one concert
Total profit allowing for all costs	£318.85	- £745	£1625
Total costs*	£1142.04	£54.50	£5206.01
Total profit as a percentage of total costs	32.49%	-78.00%	168.00%
Number of advance and door tickets sold	183.49	22	414
Total entrance fees	£958.76	£0	£4300.00
Spend per head after entry	£5.41	£0	£14.00
Total bar taking	£1096.68	£50.00	£3000.00
Cost of buying in bar drinks	£435.81		
Bar profit after cost of buying in drinks, VAT, and bar staff	£404.93	-£28	£1121
BUT ...			
Total profit apart from bar proceeds	-£86.08	-£1470.00	£694.00

* e.g. staff wages, publicity, fees paid to the band(s) and riders etc.

The top portion of the table shows that on average each concert made a profit of £318.85. This profit represented 32.49% of the average total cost, and therefore represents a healthy yield on the venues outlay.

From the central portion of the table it can be seen that this is a moderate-sized venue, and the figures provide an illustration of the kind of revenue and interest that a similarly-sized venue could expect.

Featured DJs are just as profitable

In addition to the positive findings on live music, the owner made the point that club nights (where pre-recorded featured music was played) were an essential part of his business since they were as profitable as live music events.

Live music profits come from bar sales

Also as the bottom of the table indicates, live music events run at a profit only where the bar proceeds are included. Therefore, it is only through bar sales that live music ran at a profit. However, it would be extremely surprising if a live music venue ever did attempt to operate without an alcohol licence. As we saw in Study 1, audience members say they come to watch live music in order to soak up the exciting atmosphere and to socialise with friends: They would expect a licensed bar.

Conclusion

Study one conducted at the venue in Glasgow proves that where customers have the choice between live music and pre recorded background music, the live music bar is preferred. Of 137 customers that visited the venue only 7 people went to listen to the pre recorded CD and the 130 remaining people chose to listen to the live tribute act.

The draw of live music was also mirrored in the bar sales as the live music bar had increased takings over the pre recorded music bar thus proving that direct links can be made between staging live events and profit.

Study two also supported this view showing that live music is good for business, especially when measured through bar sales. These two studies demonstrate the following benefits of staging live music events:

- 1. Attracts more customers who want to socialise in an exciting atmosphere**
- 2. Profit through bar sales can be directly linked to staging live music events**
- 3. Creates the right image for your venue**
- 4. Repays loyal regulars by choosing acts that they would like**
- 5. Makes your business distinctive and builds a great reputation**

Note on Dr Adrian North

Dr North is a Senior Lecturer in Psychology at the University of Leicester. Since obtaining his PHD in 1996 he has researched various topics within the social psychology of music and the majority of this work has concerned the effects of music on customers and staff in commercial environments.

To date he has had 32 articles published in scientific journals and is co-editor (with David Hargreaves) of 'The Social Psychology of Music'.

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Note on the Performing Right Society (PRS for Music)

PRS is the UK society that administers the performing right in the musical works of composers, songwriters and music publishers. It currently has around 38,000 members and, during 2001, collected licence income for them – from UK public performance and broadcasting, and from international usage – totalling over £255 million.

When music is played in public the owner of the copyright is entitled to payment from the music user. PRS collects and distributes this money (known as 'royalties') to its members and to affiliated societies overseas.

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