

Generating Revenues from Paid Streaming Concerts

by GiGn Team, December 2020



GiGn is a live streaming service supporting the delivery of high quality events online.



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WHAT WE ARE LEARNING ABOUT LIVE STREAM CONCERT BUYERS

Summary: Those willing to pay for live streamed concerts are starting to reveal patterns that foreshadow what financial results you can expect when delivering your shows online via a paid streaming service. Patterns of data are emerging such as:

- How many people will purchase a ticket if they click on your show link?
- How much will customers donate whether the show is paid or free?
- What percent of buyers will engage with the artists via chat, etc.?

This article provides some indication of what to expect and/or plan for, around your streaming events, based on both GiGn's experience and our recent market research.

Liala Biali, internationally acclaimed, Juno award winning jazz performer, refers to live streaming as 'a new virtual paradigm'. Paradigms, as we know, change slowly over time but once widely adopted, they tend to dramatically shift both the way we operate as well as how we perceive the world around

us. In the case of live performance, Covid conditions have advanced the paradigm shift toward virtual/ streaming forward by 3 to 5 years.

This has certainly been the case in online retail. Prior to the covid pandemic, online retail transactions represented 12% of all retail sales. It took a dozen years for online retail sales channels to capture a 12% share of the retail market which was its share of all retail up to the first lock down in March 2020. Within only the first 4 months of the pandemic, the growth rate of online retail sales online surged to 1% per month vs. the 1% per year that been the case pre-pandemic. Online retail now represents over 16% of all retail sales a 4% jump in market in just a third of a year.

A big paradigm digital transformation shift is also underway in the performing arts. The live performance industry is increasingly using streaming (the equivalent of online retail) to find ways to stay both active and somewhat viable in these difficult times as neither large or recently even small in person assemblies are permitted. The paradigm shift is also accelerating as Canada goes into a second wave of infections, restrictions on in person assemblies tighten and as Canadian

winter weather no longer permits hosting outdoor concerts. As a result, more event producers are all looking for ways to deliver content, safely through live streaming.

This shift to virtual and streaming is becoming an increasingly important survival strategy. Even with vaccines now on their way we are unlikely to see large assemblies allowed for another 18 months and, this is based on the assumption that we do a good job of getting not only North America vaccinated but also the rest of the world. To avoid another major catastrophe for the arts industry, we need the virtual and streaming option to be well developed—both to cope through the next 18 months and to survive through another potential pandemic should that happen.

One of the mini-shift's occurring even within this larger 'shift to virtual' paradigm is the move away from free, ad or follower based compensation based streaming services toward paid streaming services. Early adopter artists, venues and event organizers started out in spring 2020 using the big, well known streaming platforms like Facebook, YouTube and Twitch as their delivery platform. During the early period of the pandemic (March through July 2020) GiGn's

survey of event producers in Canada found that amongst those who had tried streaming, 53% of the time they were using Facebook, 45% of the time Youtube or Zoom and 2% of the time using Twitch or a paid streaming platform.

In the early part of the shift to virtual, the goal was really more about performers using these apps a way to stay active and in touch with their fan base as opposed to making money. Familiarity with and ease of use, combined with lack of awareness of new paywall-based streaming platforms drove the traffic to the most well known big video streaming services. For some, this worked out well—for others, not so much.

As various trials with live streaming have evolved, more information is available on **how to best succeed at online or virtual delivery of concerts** and other events. One resource we have found helpful in this regard is Ari Herstand, who posts **Ari's Take** (<https://info@aristake.com/>). Ari is helping independent musicians in particular learn how to earn income online. Ari also organized one of the first online festivals in North America and has been a big advocate for helping live entertainment venues survive. We've joined a few of Ari's webinars and noted that on the one hand, while many performers were finding ways to be successful online, others were finding their efforts frustrating. On the successful side some artists—*many who have home studios and had already honed their skills at delivering their talents online*—reported earning a decent monthly income performing online. Other artists noted various frustrations at trying to make streaming work financially on free and ad supported apps, for example:

Kirstin : "Facebook muted me for doing a cover. It only let me sing half the song. They also throttled the post on Facebook and no one saw it."

Jim : "The problem with the live features on Facebook, Instagram and other major social platforms is twofold. First, the livestreams are buried deep in the newsfeeds, so there's no central listing of who's live. Second, immediacy is a non-issue — the algorithm favors clicks/views over time for maximum advertiser exposure."

Mark : "I've tried everything. I've spent hundreds on advertising and marketed on Facebook groups. Not much response to my live streams".

Ari, to his credit had guest speakers on his webinar with real experience and successful track records earning money while performing online. These experts addressed the various challenges posed by frustrated artists showing how an artist can generate

revenue on these large platforms. On Twitch for example—if an artist can sign up enough subscriptions (50) to attain Twitch Affiliate status— their followers can choose from three different subscription prices for access to their channel from \$4.99 per month to \$24.99 per month depending on their Affiliate Tier (1,2, or 3). There is also a tip jar artists can use on Twitch.

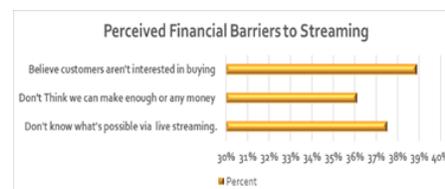
Some musicians reported making \$1400 per month on tips and subscriptions this way. But in addition to at least 50 followers an Affiliate needs to provide 500+ minutes broadcasting every 30 days and have had 7 unique broadcasting days in the last 30 days as well as an average of 3 or more return viewers in the last 30 day.

Twitch takes 50% of whatever subscription revenue the artist generates so for every \$4.99 the artist retains about \$2.50. By way of comparison, most paywall apps are taking something closer to 10% to 30% plus transaction and other fees thereby leaving the artist with a larger net take.

Notwithstanding the limitations of the large free or subscription based streaming platforms, their use has yielded some valuable lessons—lessons that are highly applicable to streaming on paywall based streaming apps as well.

One of the most important lessons is to create a 'community of followers' who will pay to stay engaged with your events or performances by returning often to purchase content. The best online artists have mastered how to create these communities. One of Ari's guest speakers commented that she had regularly received tips from her followers, including one tip for \$500 tip from a regular follower in Hong Kong. People will actually provide tips at this level and we've also seen it happen many times on GiGn as well. The largest tip logged to date on GiGn is \$2500.

For event producers such as venues and festivals, these same lessons also apply. GiGn's survey of event producers in June 2020 found that almost 40% of respondents didn't believe customers would be willing to pay for a live streamed concert/event. Just over 35% didn't believe they could make enough money at it to be worth the time and effort needed to put on a live streamed event.



Source : GiGn Research, June 2020

However, not all event producers are thinking this way. Many are seriously tackling the challenge are moving to paid streaming as their preferred way of delivering content to their members, fans and customers. Both interest in, and use of, paid streaming apps is growing amongst these event producers because the end of the day, artists, venue owners and festivals all need to get paid somehow. Sponsors also need to know their sponsorship dollars are reaching an audience that is paying attention.

In addition to looking for more revenue from streaming, event producers are also moving to paid services because there's leakage using non-paid services. For example, some event producers have set up shows on Youtube and have sold a ticket or a subscription to buyers to watch one or more shows on their site such as perhaps on their own Youtube channel. However, once an individual has been sent the link for the event it is usually possible to forward this link to someone else and that someone else—who hasn't purchased a ticket—is able to use that same link to watch the same broadcast without having to buy a ticket. A semi skilled techie can download these concerts they know what to do.

On most paid apps, by comparison, the buyer needs to set up a secure account to be authorized to watch the show. If they then forward the link they have received on a paid app to someone else that someone else won't be able to watch the performance without opening an account of their own unless the show is offered free to begin with.

Will Buyers Actually Pay to Watch Something Online With so Much Free Content Out There ?



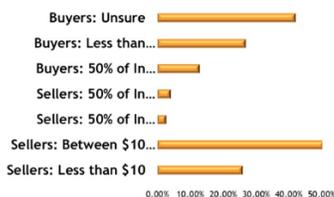
Of the event producers we've talked to across Canada this past year, about a third are highly skeptical of the financial returns or the market interest in streaming. This is shown in the chart adjacent and this data is taken from interviews we conducted in June 2020 with 87 event organizers, venues or artists that typically stage music and other events from across Canada.

The other two thirds of event producers are nevertheless boldly venturing into this new streaming paradigm. A question these clients often ask of us when setting up their live streaming event is, **what should I charge for a ticket?**

GiGn looked into this question in some depth earlier this year. We've also been monitoring customer reactions to pricing as well as tracking actual spending on streamed performances. Our research earlier this year revealed there are differing points of view between the producers of online events and the buyers of them—especially in terms of ticket pricing and the proclivity of customers to spend money on a ticket or to donate online. Some of these data are shown in the chart below but to summarize:

- About 40% of the purchasers of online performances don't know what a fair price would be. About 25% think something less than half of an in person ticket is fair, and about 16% would pay 50% or more of an in person ticket.
- Amongst the event producers, only 4% of them felt a price at 50% of an in person ticket price would be accepted by a buyer. About 50% of event producers thought a ticket priced between \$10 and \$25 was reasonable and would be accepted by their customer base.

What is a Fair Price For a Streamed Event Ticket?



Source : GiGn Research and Nano's Canada Consumer Monitor data

Our research told us that customers seemed willing to pay more than producers think they would. Our actual experience is confirming these findings. We have to be cautious saying these patterns are fully normalized yet because paid apps still represent only a very small share of the live streaming market—mostly because a lot of the content is still offered for free or free with donations.

Over the past few months at GiGn we have watched what the market will bear price wise and compared this what respondents told us in surveys a few months ago. Looking across a variety of events, including those with paid tickets as well as free shows supported by online donations, or in some cases, a combination of the two revealed to us that consumers are actually paying more than event producers are expecting they would on

a per head basis—even amongst a good number of those who are watching free shows.

GiGn's clients set the price for their event when posting their shows on the GiGn app, although sometimes with our guidance. Their pricing is generally consistent with what they told us last June that they were comfortable charging. The median ticket price we see being charged is \$15. Either side of this \$15 median ticket price could be 'free' on the low end to '\$30' on the high end but most often, tickets are priced at \$15 or \$20 and rarely if ever lower than \$10. We haven't seen any significant price resistance or complaint to any degree to these prices. We did have a couple complaints at an outdoor festival we streamed where the buyers thought the content should be 'free' because it's on the internet. However, when we explained that camera and sound crew needed to be paid to deliver the show, both customers accepted the price as fair.

Beyond ticketed events and moving to the 'Free with Donations' category we also observe the average spend per purchaser to be significant—at about \$40 on average for those who choose to donate. In fairness, some of this increased spend (e.g. from \$15 median price per ticket vs. \$40 spend per customer) is driven by events we have streamed where there is a donation component (e.g. artists helping to raise money for social causes by donating their tips to the charity). But this has not been as big a part of our streamed events since last summer and we're seeing people tip or donate even when they have purchased a ticket.

Our experience with 'Donations Only' supported events (e.g. available for free even if you don't donate and where people can contribute whatever they want) still reinforces our conclusion with actual evidence that many consumers are willing to pay more than event hosts feel comfortable charging. We see about 20% of the customer spend is \$25 or more per customer and 10% of these tips or donations are \$40 or more per customer—sometimes, although rarely, even up to \$500 to \$1,000 or more per customer. Most of the higher spending donations at these free with donation events are in the \$50 to \$100 range.

But Can You Make Enough Money At This Just With Live Streaming ?



The short answer is 'no'—at least not without some financial sponsorship. While ticket pricing headroom is available, crowd sizes are all over the map. The profile of the artist and the genre are big factors determining turn-out, but promotion, or the lack thereof can have a big impact as well. This situation is not much different than has always been the case when putting on a music festival for example. Without sponsorship funding, even pre-pandemic, it was pretty difficult to breakeven or make a festival profitable without commercial and granting agency sponsorships.

For venues, virtual is even more challenging because without the live audience, the lack of food and beverage sales aren't there to help carry the cost of entertainment.



We need to be realistic and to try to understand where streaming is going to work in the grand scheme of delivering live content via a paid service. In GiGn's view live streaming was never going to replace live in person entertainment. We always believed streaming was going to be more going to be a matter of an add on to live shows vs. a full replacement them. By way of comparison, in-store retail shopping is not going away but neither is the share in-person, in-store retail shopping going to increase as a percent of retail. Online shopping is here to stay and is expected to take a continuously growing share of total retail sales. We think the same is likely true of streaming and what online shopping has meant to retail malls, streaming will likely have the same impact on the live entertainment businesses once it is revived. Live audiences may not return in the numbers pre-Covid, at least for some time. Streaming therefore becomes an

effective add-on delivery channel to hold consumer interest in your product and deliver it to your customers in ways they feel safe consuming it. And for now, streaming is mostly the only option. A 'glass half full' perspective would be that that now a good time to learn how to master the business of streaming for a number of reasons including:

- Consumers of concert tickets really don't have another option right now so its a great way to stay engaged with them.
- There is more sympathy for artists, venues and festivals amongst supporters these days so this also is a great time to engage typical concert goers online—if nothing else, to get ready for the likely permanent forthcoming paradigm shift of hybrid, in-person and online events.
- Getting good at streaming now will serve us as we emerge from the pandemic and give us an option to survive during the next one should it come.

It's also important to keep in mind the old saying 'Rome wasn't built in a day'. Even with online retail behemoths like Amazon and the many online retailers around the world powered by Canadian retail tech giant, Shopify, less than 20% of all retail purchases today are made online. Moreover, with the exception of streaming services like Spotify and Netflix etc. the retail industry has been at this a lot longer longer than most cultural industries where product delivery is still largely via live, in-person events. It took retail many years for the retail customers to adapt to the online option. We doubt it will take nearly as long in the live entertainment world to adapt because retail has already pioneered the process. In the case of live concerts and theatre, by comparison to retail, most businesses and artists are only recently getting serious about the streaming as a channel delivery option.

Cultural industries should be able to transform faster than retailers did and in fact, in our opinion, should plan to do so.

Beyond Pricing, What about Volume ?

The good news about online streaming is that there are no issues such as maximum seating capacity or fire marshall restrictions to deal with when offering a streamed event. You can pretty much sell as many online tickets as there is demand to purchase them. Moreover, streaming can also extend the time value of your inventory—an important aspect of good retail management. For example, an in-person concert is a one time event. When it's over, that's it... no more inventory until the next show.

A live streamed concert on the other hand can be recorded and, assuming the artist is willing to let you put it up the show via video on demand, the best material can be watched over and over again, each time generating some additional revenue.

So how does one go about generating enough demand ?

Paid streaming apps offer an ability to generate trend data on buying behavior. Data driven insights from these buying trends can give event producers the ability to establish more robust customer relationships and help them find and offer the kind of live streaming content that is most appealing.

When you've watched as many shows as we have at GiGn you start to see what works and what doesn't. For example, we can see what features of a live stream drive unique interest in consuming the content via live stream. One feature we have noticed for example is that with streaming, you can bring the audience almost right on stage with the artist—a feature of live streaming that many viewers really appreciate vs. sitting a long way back in a room or standing at the back of a festival crowd.

Moreover, as we emerge from the pandemic, the customers who are now buying streaming content are likely to be high on the list of those likely to return to watch performances again in person, once live audiences are allowed and these fans feel comfortable sitting in a large in person audience. Knowing who they are and using streaming to build audience interest could help generate more ticket sales as we're able to have sizeable in person live audiences again.

Various research studies have demonstrated that if someone watches an online version of a concert they enjoyed, they are likely—66% of the time—to attend the same or a similar event in person if it is available to them.

Successful Sales Results Require Effective Marketing and Promotion Built Specifically for a Streaming Event.

Promoting a live streamed event is similar to promoting conventional in person concerts and performances but there are also key differences that event producers and promoters need to anticipate. For example :

- Because there is no limit to seating capacity, purchasers usually buy their streaming tickets at the last minute. We still need to make potential buyers aware of the event in advance but we have to get used to working with the fact that its mostly going to be a walk up crowd, even with good promotion.

- People also sometimes forget to watch the event even when they had planned to do so. When we go to a live, in-person concert there is preparation involved—maybe dinner before the concert, meeting friends with whom we plan to attend the concert or festival etc. We haven't yet developed those behavior patterns with streamed events and we still need to cultivate them in the streaming audiences.

As a result, event producers need to find ways to make it both easy and compelling for ticket buyers to plan to attend the event online. For example letting buyers know that for the price of one ticket everyone in a household can watch the show on that same ticket. Or, if you have to miss the show, we'll rebroadcast it for you if you purchase your ticket now. These are some of the unique aspects of promoting an online event. Or the first 'x' number of early buyers will get a discount on their ticket price.

Digital distribution channels also give event producers further advantages to help plan for how much audience they need to solicit in order to hit their ticket sales objectives. As we show in graphic, on the next page, for every potential qualified buyer, about 15% will actually purchase a ticket once they've been made aware of the event. We can track this by seeing how many open our email notifications or other promotional solicitations we send when we help our clients promote their events and how many of them actually buy a ticket or attend.

When promoting a show, it's important to start with qualified or higher propensity buyers who might be interested in your show. These potential buyers can be found in your list of previous ticket purchasers / attendees to live events, your membership base or other sources. The artist or performer might also have a list of Facebook followers. All of these efforts can drive your conversion rates up above 15% and make your direct marketing and promotional efforts more effective. If you make these prospective ticket buyers or attendees aware of the event—and more importantly keep track of them in your data base—our experience shows you should expect convert about 15% to likely purchase your streamed event for every one that clicks on, or opens a digital ad or email promoting the event.

Working back from attendance objectives then, if you hope to have an audience of 100, we find that you need to solicit interest and awareness from over 650 qualified targeted potential buyers. If your target paid audience size is 500 then a pitch to over 3300 potential qualified buyers would be required. Of course

this will vary based on the popularity of the artist or the meaningfulness of the event and how well you have qualified their purchase interests. You can also build on your high propensity buyer lists in various ways. For example an event in support of a charity with streamed entertainment will draw people who want to support the charity as much as or perhaps moreso to see the entertainment itself. But once that buyer may have purchased a ticket to your event, albeit to support their favorite charity, they may come back and purchase another event ticket just to see the entertainment. You might even turn them into dedicated repeat customers.

Repeat customers are the most valuable ones. We observe that about 12% of initial buyers, having watched one show, will return to watch other shows. These are valuable clients that you want to gather and support because as the graphic above shows overall, they spend considerably more per customer (over twice as much as a first time paying customer). Since it is much more efficient to keep an existing customer than acquire a new one, it is very important to treat these customers well and you might consider offering them special benefits like a zoom call with the artist after the show or something.

At GiGn we view our success at streaming can only be achieved by helping our clients be successful at streaming. Therefore, we are committed to helping you get there in any ways that streaming can help. Our next monthly newsletter is likely going to focus on gaining insights in terms of attracting donors and sponsors for streamed events. If there are other topics you would like us to look into, feel free to go to our website to comment or send us and email at customerservice@gign.ca

For more information contact us at <https://www.gign.ca>



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