

POLLSTAR

The Concert Hotwire

OCTOBER 31, 2005

MY CHEMICAL ROMANCE.



WITH THE KREMLIN TOWERS and some of Moscow's more spectacular domes in the background, JSA staging company builds the pavilion that held Joe Cocker's September 14 show and the September 21 MTV Russia Awards.

Where any legislation may fall short is in the policing of it. Despite the law regarding soccer, tickets are still sold openly outside of grounds and on various ticketing and auction Web sites.

EMI Still Out Of Tune

IT SEEMS THE COLDPLAY AND Gorillaz albums may have done the trick as EMI has released a six-month trading update saying profits for the period are likely to be up around 9 percent to £40 million (US\$70.3 million).

The downside is that the numbers haven't done much to inspire the London Stock Exchange, with company shares trading as low as they've been for a year.

In the last month they've dropped from 260p to around 215p, which is about 24 percent down on the mid-April 12-month high of a little above 280p.

In February, company chairman/CEO Alain Levy said the delay in the release of new albums from Coldplay and Gorillaz would hit March's year end figures, news that caused the shares to tumble around 16 percent to 235.75 pence.

Papers including *The Daily Telegraph* and *The Independent* ran stories quoting Coldplay frontman Chris Martin as saying he couldn't care less about EMI shareholders or the company's profits. But now, with both albums having spent nearly three months on the shelves, the slight increase in revenues still isn't doing much toward improving its market value.

Reflecting the fact that results are solid rather than exceptional, and taking into account that the March 31 figures turned out not to be as low as the company had hinted, much of the problem could still be that the city's faith in music companies is still being undermined by stories of illegal downloading and piracy.

The interim figures due November 16 are expected to show year-on-year profits are on target to be up a shade under 10 percent, but the

mid-October share price looks to be averaging no higher than 213p.

BELGIUM

One Size Fits All

COMPANIES THAT SELL MUSIC ONLINE can get now get a single licence to operate throughout the European Union.

The Belgian and Dutch music copyright societies, SABAM and BUMA, had already dropped what was known as the "economic residency" clause – which had caused varying tariffs being set throughout the 25 EU member states. But the European Commission has issued an October 12 directive saying one licence will do in the future.

"These licences will make it easier for new European-based online services to take off," internal market and services commissioner Charlie McCreevy explained.

Starting an online music service in Europe such as Apple's iTunes had previously required the consent of dozens of licence holders in each country — record labels, royalty collection societies, music publishers and, in some cases, the artists themselves.

The resulting lengthy negotiations pushed back the launch of services such as iTunes and Napster by months. Some popular U.S. music services such as Yahoo! have yet to appear in Europe, partly due to the licensing red tape and territorial restrictions.

"I will be monitoring the situation closely and, if I am not satisfied that sufficient progress is being made, I will take tougher action," said McCreevy, although it's unlikely the EC will have to carry out its threat to sue the music industry on competition grounds if national bodies don't change the way they enforce online copyright restrictions.

The Commission hopes this will end a situation whereby royalties owed to authors are not always distributed because of national barriers.

The new licence has been brought in to help EU online music services compete with those in the U.S., where downloading is more widespread.

Last year, people spent an estimated euro 207 million (US\$248 million) on music downloads in the U.S., compared to euro 27.2 million in Europe.

The Commission's main argument for the change was that the rules governing online sales can't be the same as those covering CDs, records and cassettes because, according to an EC statement, "Copyright licensing procedures based on national territories are difficult to reconcile in a borderless online world."

GERMANY

Schulenburg Holds Watching Brief

"WE HAVE A HIGH OPINION OF Ticketmaster and will see what will come of its cooperation with DEAG," CTS chief Klaus-Peter Schulenberg said in reaction to the linking up of the world's biggest ticket-seller and his main live music promoting rival.

Schulenberg originally greeted DEAG chief Peter Schwenkow's late August announcement that his company was throwing down the gauntlet and challenging CTS in its own core market by saying, "We will react to D.E.A.G. entering the ticketing market once they've done so." He must now be looking at how far through the GAS (Germany, Austria and Switzerland) region the battle will spread.

Industry rumour and opinion suggests there could be a clash in Switzerland, where the Zurich-based Ticketcorner looks right for acquisition and it's easy to make a case for both companies being interested.

Paul Lafontaine, Ticketmaster's vice president of European business development, has already said that he's teamed with DEAG to create a base in "Germany and the surrounding German-speaking countries," which puts Switzerland top of the list, and Andre Bechir's Good News – which is part-owned by Schwenkow's company – must be easily its biggest customer.

CTS already has ticketing operations in Austria and several southern European countries down to the Balkans, many of which have Austrian promoter Wolfgang Klinger as a partner, and a Swiss takeover would look a natural part of consolidation plans.

With Ticketmaster joining with DEAG to compete with CTS to his west, and with a string of CTS subsidiaries to his south and east, Serge Grimau's Prague-based Ticketpro looks another obvious target to come in range.

Lafontaine has been less forthcoming about the Czech market: "We always entertain conversations with good ticketing companies. I can't comment on which companies they are."

However, Bonnie Poindexter – the company's director of corporate communications – appears ready for a battle on any square of the board.

Replying to questions on the likelihood of some fierce competition on the European front, she told *Pollstar*, "We expect it, we're prepared for it, and we have the products and services designed to compete with any company."

"There's no question that the ticketing business is competitive, not

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