

MUSIC FESTIVALS: A BUBBLE WAITING TO POP?



"Woodstock" was a pivotal moment in the world of popular music. The event, organized at a dairy farm northwest of New York City in 1969, attracted an unexpected crowd of around 400,000 participants – this made it perhaps the oldest outdoor music festival if its proportions. Today, there are many events that have broken its record when it comes to the number of performers and attendees, with music festivals becoming a tourist attraction for music and fun-loving people from around the world. One would even argue that there are way too many of them today, taking place everywhere from [the most influential countries](#) to emerging economies across Europe, the Americas, and beyond. And this ever-growing number of events is making its effects felt across the market.

Big names and independent events

According to the [Financial Times](#), the business of outdoor festivals is dominated by two major companies: Live Nation, with brands like Reading and Leeds, Download, the Jägermeister Music Tour, and many other brands under its umbrella, and AEG Live, running events like Coachella, among others. Besides, there are many smaller event organizers, some of them operating locally in their geographical area – one of the most prominent examples is Sziget Kulturális Menedzser Iroda (Sziget Cultural Manager Office), a company co-owned by the event's historic organizers and Providence Equity Partners, an investment fund that is growing its influence on the live events market. At the same time, new brands are popping up everywhere across the world, with annual events that try to find their niche among the many other similar ones. This means that more events are competing for the same pool of popular performers – a piece of bad news for the attendees and, ultimately, the festivals themselves.

A bidding war

In a 2017 interview, Gerendai Karoly, the Sziget Festival's lead organizer at the time, [revealed](#) that there is a fierce competition behind the scenes of the music festival market. In the last few years, he said, the amount the top performers charge for a festival gig has continued to grow. The main reason for this price hike is the fact that there are many competitive events that constantly outbid each other, a tendency that performers also observe and use in their advantage. Festivalgoers are, in turn, a limited resource, he said, and they are very sensitive to the ticket price hikes the more expensive gigs ultimately translate to. At one point, he expects to see the admission prices of some festivals to reach a point where they turn off their potential buyers, leading to the festival's demise. He called it the "self-regulation" of the market: when festivals will no longer be able to keep the pace with the rising prices, some of them will go bankrupt, reducing the competition on the market, and ultimately lead to the prices returning to acceptable levels. But this will, unfortunately, also mean the demise of many events beloved by their

regular attendees. There are currently thousands of music festivals organized each year, competing for the same pool of popular artists in pretty much any genre. It surely seems like a bubble preparing to pop, right?

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