

THE BUSINESS OF SHOW

There's no business like it. If you're not in it, you won't know how true that is – and why would you? But now you should take a look.

By Carrie Hardie, producer at and owner of, Serious Comedy, a small and independent production and touring company specialising in live comedy, and occasionally dabbling in other genres and formats.

As the lockdown eases across Australia, and New Zealand announces that it's now COVID-19 free, I think we're all experiencing a new sense of hope and relief that we can finally relax a little.

Without wanting to kill the mood too much, I think it's also a good time to explain where the live arts and entertainment industry in Australia sits amongst all of this. As well as being one of the first industries hit when coronavirus arrived, it will also be one of the last to recover when it leaves.

In much the way my (former) accountant was taken aback when I described my fairly-typical-for-comedy business model, most audiences don't really understand how the biz side of show works – and why should you? Your job as is to buy a ticket, come along, watch our art (and ideally tell everyone you know about it so that they too, buy a ticket and come along and watch our art) and enjoy yourself.

It's taken a lot of effort to become a producer and someone who works full time in the live entertainment industry¹. In the space of three days in March, I lost every single piece of work I had for the year in Australia and the UK, as did the artists with whom I was working, and my colleagues who work in production, publicity and venue management. According to [I Lost My Gig](#), individuals have lost approximately \$340m due to the impacts of COVID-19².

This doesn't even touch on the situation in places like the UK, which is still recording double digit deaths every day, and is suspected of having a total death toll far higher than the officially reported 40,000³. Normally, I would be spending part of my year in the UK for work, and collaborating with colleagues there on shows which would tour in one direction or the other between Australia and the UK.

Instead, I've spent the last two months transforming my living room in Melbourne into a pop-up broadcast studio every week and working with performers and writers and TV directors figuring out how to adapt shows written for a theatre venue into a digital medium for audiences stuck at home. I have thoroughly enjoyed every minute of that, and will continue to develop that endeavour, but I also want to be producing live shows in physical venues again. I want to see my colleagues and friends put their talent, skills and enthusiasm back to work where they belong.

This industry exists on a mix of funded, partially-funded, and commercial operations and each has its place. In the short to medium term it will be necessary to increase funding levels and the scope of those being funded, which is an economically sensible move. You, as audiences need to understand this as well, because without your understanding of this situation and your support going into the future, there's no hope of the industry recovering and developing into the future.

I've written this from my point of view as a producer who's worked in a large agency, run a small agency, been employed as a freelance tour manager, production manager and marketer. As someone who has worked in live comedy, live theatre and live cultural and educational events. Someone who has worked in Australia and the UK, on small shows in a pop-up tent, and shows in 2000 seat theatres. And as someone who's currently an independent producer running my own small business with a core group of other creatives and production people I think are ace.

¹ Also checking my privilege, I have a very supportive mother who made sure I had access to lots of different opportunities and who will always have a place in the house for me if I ever I'm completely unable to work.

² This figure is from 27 April 2020, and is probably higher at the time of writing.

³ 8 June 2020, BBC: Coronavirus: UK daily deaths drop to pre-lockdown level <https://www.bbc.com/news/uk-52968160>

My experience certainly doesn't mirror that of other players in the industry – venues for example, are in an entirely different but equally difficult situation. Like when any catastrophic event hits, larger and less nimble bodies are in more danger. Any producers presenting musicals, circus, large cast shows, bands, orchestras and festivals are in a much more precarious situation than I am. And downstream further, many publicists, front of house staff and technical production staff are also out of work until these larger shows are back in action.

Lots of people have slipped through the various government support systems because ours are such unique ways of working that they're not captured in 'catch-all' provisions⁴ designed to keep a major recession at bay⁵.

THE ECONOMICS OF THE ARTS⁶

Now why wouldn't you just expect shows, projects and organisations to just operate commercially? If they can't sustain themselves, they shouldn't exist, goes the rhetoric.

But paradoxically, for an industry in which many participants struggle to make a reliable income, one of the strongest economic arguments in favour of funding arts organisations and projects is the enormous contribution they make to the economy. The Australian Government estimated that [cultural and creative activity contributed \\$111.7bn](#) to the economy in the financial year 2016-2017⁷.

It's just that the better part of that revenue generated goes to people across countless different fields – from hospitality, to tradespeople, to marketers, logistics operators, and more. If you look at the revenue (not income) that is generated when an event is staged, all of that revenue doesn't go to the producer or artists – in fact most of it doesn't.

Think of the contribution made to your employer's business in the overtime you worked to save up for tickets. Taxis, Ubers, public transport, parking stations all get a work out. The babysitter you hired to look after your kids while you went out. The trip to get your hair and nails done or the new shirt you bought for the night out. Whether you ate a fancy dinner at a hatted restaurant, had a counter meal and a pint at the pub near the show, or got a snack pack from the local kebab joint on the way home, the hospitality sector benefits greatly.

All of these transactions keep money circulating and our economy chugging along. It all seems very obvious when people talk about the economic benefits of large one off events like the Australian Open, AFL Grand Final, or the Olympics, but these same benefits accrue thousands of times every day around the country when people attend arts events.

Every transaction that happens, regardless of how big or small, attracts some sort of tax (GST is an obvious one to point to, but employing staff generates payroll tax, licensed premises pay liquor tax, businesses with physical premises pay rates, etc. etc.) and keep people working and contributing to society.

⁴ 18 April 2020, ABC Arts: Coronavirus has shut down the Australian screen industry but most workers aren't eligible for JobKeeper, written by Hannah Reich for The Screen Show: <https://www.abc.net.au/news/2020-04-18/coronavirus-australian-screen-industry-film-tv-jobkeeper/12146608>

20 April 2020, Sydney Morning Herald: 'Something out of a satire': thousands in arts not saved by JobKeeper by Linda Morris <https://www.smh.com.au/culture/art-and-design/something-out-of-a-satire-thousands-in-arts-not-saved-by-jobkeeper-20200419-p54l94.html>

24 April 2020, ABC News: Australian arts sector left in the cold by Federal Government, claims prominent theatre director by Matthew Smith <https://www.abc.net.au/news/2020-04-25/thousands-in-arts-sector-jobless-amid-coronavirus/12177250>

⁵ In Australia, the arts industry is heavily casualised and the definition of the gig economy. The market is smaller than in the UK and US and much more delicate for it. By necessity, many of us in the arts work many different roles, often casually, which is less prevalent in a place like the UK where the industry is bigger and jobs are more defined and separated. This versatility is one of the reasons Australians are regarded quite well working overseas in live entertainment and the film industry in the US.

⁶ I'll take it as a given that anyone reading this appreciates and accepts that life and our world is made better by creative works – that the stories that artists tell are entertaining, important, educational and inspirational, and that even when one art form isn't to our particular taste, its existence and its appreciation by others is worthwhile and has value.

⁷ 11 July 2017, ABC News: Adelaide Fringe Festival value to SA economy enjoys 'staggering' increase by Isabel Dayman <https://www.abc.net.au/news/2017-07-11/adelaide-fringe-value-to-sa-economy-doubled/8695430>

5 July 2016, Adelaide Fringe Media release on facts and figures of the Fringe based on annual financial report <https://adelaidefringe.com.au/news/adelaide-fringe-makes-an-impact>

Arts and live entertainment directly generates a lot of that cash movement, and although it costs a lot of money to put those events on, live entertainment doesn't proportionately reap all the benefits - but quite importantly, it still incurs the entire risk of staging that event or production.

So, it is to the benefit of governments and society generally to help keep these events happening. Funding is a way to reduce the financial risk for venues, producers and artists to make putting on that event less risky and more attractive. Funding a variety of artforms, in different geographical areas, and on various scales provides a mix of stories to speak to different people, support new people in the industry, help established professionals make more ambitious projects, create unmissable spectacles that draw local communities out, and to encourage people to travel in order to see special events.

THE MODEL: A RISKY BUSINESS

Of course many shows do operate and succeed on a commercial basis, but what a basis it is!

When producing a live show, most times you (the producer) are underwriting the project. You pay all the expenses, and hope that the revenue generated in ticket sales is enough to cover those costs. That's just to break even. If there's enough left for you to earn a living income after that, all the better. Sometimes there isn't enough money, and you lose a significant part of the money invested.

Oh, and you also have to be okay with most of those expenses being paid out in advance of the show. Then you wait the 4 to 12 months when the final curtain falls to receive the settlement for the tickets you've sold. Because those tickets that people bought a month before the show? That money gets held in trust by the ticket seller until the end of the season (and some inevitable admin time on top of that) to cover refunds in the case of... well cancellations.

Stand-up comedy is probably one of the cheapest forms of live entertainment that can be produced. Its technical requirements tend to be pretty simple, there's usually only a single performer, and most of us have no idea how hard it is to work in the industry so we adopt unhealthy lifestyle choices from the beginning to save money (sleeping on a friend of a friend's couch while you tour to another city, working 16 hour days anyone? So. Much. Glamour!).

It's also a wildly unregulated industry where the basis of your employment means you sometimes work on a profit share, a negotiated fee, for free with the hope of paid work further down the track⁸ or some other strange arrangement⁹. A contract with payment at an award rate is what we refer to in the comedy industry as a Kerrigan¹⁰ - if it comes your way, you're dreaming¹¹. And for one of the cheapest of the artforms, stand-up comedy is still expensive.

Without presenting an entirely costed budget for a show at a festival such as Adelaide Fringe or Melbourne Comedy Festival, two of the major events on the Australian calendar for a producer like me, allow me to give you an idea of where some of the money you pay for tickets goes.

⁸ Artists and performers have been increasingly vocal about being asked to work for free or 'being paid in exposure' in recent years, and rightly so. This sort of behaviour also exists for people on the production side of things as well. Younger people are often used as cheap labour and cannon fodder. Lots of experienced and skilled production people aren't recognised for their own intellectual property (often referred to as IP) that they bring to projects. Oftentimes there's value in volunteering, interning, donating time, or bartering your services. Oftentimes, it's an excuse not to pay people their worth.

⁹ I have had one job this year where there was a cash fee which was also supplemented by a substantial amount of yoghurt. I have no qualms with the company who booked this job who were doing what they could to support artists once COVID-19 hit, but I do have to check with my accountant if I have to declare the value of 48 tubs of yoghurt on my profit and loss statements. Although if the tax office comes calling I can always eat the evidence.

¹⁰ This is another interesting topic for discussion for someone with a better understanding of unions, award rates and employment law. I will summarise it by saying that so many people work between different roles and in different capacities that it can actually be quite tricky to tell which body can represent you.

¹¹ None of this is to suggest everyone is unscrupulous operators acting in bad faith (although, like any industry there are some). Often, it's just a lack of budget or cashflow and people trying to do the best they can. Often, productions or projects blur the lines between models of operating so there's not a standard blue print to follow.

You can skim over this if you're not a numbers person (it's a very simplified and reductionist version of a budget, and it's done in reverse of my normal order for the purposes of explaining how some of the systems work).¹²

TABLES OF FUN

I've picked \$35 as a ticket price (the upper end of a moderately profiled show at a fringe or comedy festival). This example show is doing a 4 night run in a venue that can seat 200 people¹³.

	TICKET SELLER				
	TicketMaster	Ticketek	Melbourne Int Comedy Festival	Perth's Fringe World Festival	Adelaide Fringe Festival
The show sets this price as its ticket price	\$35.00	\$35.00	\$35.00	\$35.00	\$35.00
What you pay as a ticket buyer The ticket price is \$35, but you also get a transaction / handling fee as a ticket buyer And maybe an extra delivery charge. MCF, Perth Fringe & Adelaide Fringe all offer free e-tickets but I've included their standard postal options.	\$7.70	\$5.90	\$1.70	\$2.20	\$1.80
	\$6.50	\$5.90	\$0.00	\$3.50	\$3.25
So you actually pay this for a ticket	\$49.20	\$46.80	\$36.70	\$40.70	\$40.05
But this is still the amount the show has set as its ticket price	\$35.00	\$35.00	\$35.00	\$35.00	\$35.00
The show is charged a ticketing fee by the ticket seller (which can vary greatly).	\$6.95	\$5.10	\$2.20	\$5.50	\$3.00
And the credit card fee on each ticket	\$0.68	\$0.68	\$0.00	\$0.68	\$0.68
The show now gets this amount per ticket sold	\$28.05	\$29.90	\$32.80	\$29.50	\$32.00
Venue hire There are many ways of calculating this, but it's often between 25-40% of the ticket price after the ticketing fees, so let's take 30% as a reasonable middle ground.	\$8.42	\$8.97	\$9.84	\$8.85	\$9.60
The show now gets this amount per ticket sold	\$19.64	\$20.93	\$22.96	\$20.65	\$22.40
Take out \$5 per ticket as reasonable guess of what you would spend on marketing and advertising the show.	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00
This is what the show is left with out of each \$35 ticket once the bare-bones cost of selling tickets and the show existing in a venue is taken out.	\$14.64	\$15.93	\$17.96	\$15.65	\$17.40

Below is the first look at revenue projections, but it's just the first stage of budgeting a show:

	TICKET SELLER				
	TicketMaster	Ticketek	Melbourne Int Comedy Festival	Perth's Fringe World Festival	Adelaide Fringe Festival
Revenue if you sell 90% of your tickets (180 of 200 per night)	\$10,537.20	\$11,469.60	\$12,931.20	\$11,268.00	\$12,528.00
Revenue if you sell 70% of your tickets (140 of 200 per night)	\$8,195.60	\$8,920.80	\$10,057.60	\$8,764.00	\$9,744.00
Revenue if you sell 50% of your tickets (100 of 200 per night)	\$5,854.00	\$6,372.00	\$7,184.00	\$6,260.00	\$6,960.00
Revenue if you sell 30% of your tickets (60 of 200 per night)	\$3,512.40	\$3,823.20	\$4,310.40	\$3,756.00	\$4,176.00
Revenue if you sell 20% of your tickets (40 of 200 per night)	\$2,341.60	\$2,548.80	\$2,873.60	\$2,504.00	\$2,784.00

¹² There are various guidelines and rules about how ticketing prices are advertised, and they change from time to time and depending on the location. In these tables I've tried to reflect how each of the ticket sellers describe the fees and charges to us as producers, and in a way that an audience member can understand things from their point of view when they purchase a ticket.

¹³ Adelaide Fringe Festival's ticketing charges that were absorbed by the production used to be \$5.95 per ticket. In 2017, the South Australian Government worked with the Adelaide Fringe organisation to subsidise those ticketing fees in order to take away some of the financial the risk to the productions. It is a huge assistance to shows.

However, you've still got these hard costs to pay regardless of how many tickets you sell:

	TICKET SELLER				
	TicketMaster	Ticketek	Melbourne Int Comedy Festival	Perth's Fringe World Festival	Adelaide Fringe Festival
Flights and accommodation for five nights to tour to another city in Australia.	\$1,150.00	\$1,150.00	\$1,150.00	\$1,150.00	\$1,150.00
If your show is in a festival, it will cost between \$350 and \$525 to be included in the program. I've used \$400 as an average for TicketMaster and Ticketek as they operate nationally.	\$400.00	\$400.00	\$525.00	\$325.00	\$395.00
A photographer, graphic designer and publicist who are all working at reduced rates as a favour or because they're still establishing their business	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00
TOTAL	\$4,550.00	\$4,550.00	\$4,675.00	\$4,475.00	\$4,545.00

So depending on how well your show sold, this is how much the artist and producer walk away with to pay themselves for the 3-12 months it's taken to develop, plan, and perform that show:

	TICKET SELLER				
	TicketMaster	Ticketek	Melbourne Int Comedy Festival	Perth's Fringe World Festival	Adelaide Fringe Festival
TOTAL PROFIT @ 90% sales	\$5,987.20	\$6,919.60	\$8,256.20	\$6,793.00	\$7,983.00
TOTAL PROFIT @ 70% sales	\$3,645.60	\$4,370.80	\$5,382.60	\$4,289.00	\$5,199.00
TOTAL PROFIT @ 50% sales	\$1,304.00	\$1,822.00	\$2,509.00	\$1,785.00	\$2,415.00
TOTAL PROFIT @ 30% sales	-\$1,037.60	-\$726.80	-\$364.60	-\$719.00	-\$369.00
TOTAL PROFIT @ 20% sales	-\$2,208.40	-\$2,001.20	-\$1,801.40	-\$1,971.00	-\$1,761.00

Most shows sell between 30-70% of their total potential capacity (in the yellow highlighted section).

Of course, you can increase the chance of making more money by increasing the venue size or the number of performances you have, but that also increases your risk. You can tour the show to multiple locations, but most of these costs will be duplicated and you have to have enough cashflow through savings or other streams of work, to be able to pay all of those upfront expenses.

The main takeaway from this is that presenting any form of live entertainment is a significantly risky business. You need capital to be able to pay a lot of expenses upfront and still be able to live and carry on the business until the show season has finished and get paid out the ticket money minus all the deductions specified above.

Many of us in the arts have depleted our reserves during COVID-19 (financial, but also mental and emotional). Some of us need to take a break and build those reserves back up to be in a financially and socially secure enough position to create, perform or produce shows. This will see a lot of people drop out of the industry for the medium term, and possibly forever.

From conception to completion it takes an absolute minimum of around four months to successfully present a moderately profiled show in a venue¹⁴, and for comedy shows, that's being conservative. Festival seasons are usually in planning for 6-11 months. Many theatre shows plan their seasons 18-24 months in advance.

DIFFICULT CURRENT CIRCUMSTANCES

¹⁴ That's the realistic minimum time it will take to find a suitable venue with suitable available dates, do the contracts, market the show, organise the logistics, etc. And that's working with one performer who's an Australian citizen.

The overheads in live entertainment are too onerous for a gradual or partial re-opening. It still costs the same to open, staff and produce a show in a theatre – seating people 1.5m away from each other just means there's a bigger financial risk and you, as an audience member, get a very weird experience of watching a show.

In these current circumstances, once someone takes the leap of faith and announces the first post-COVID tour they will be confronted with extra risks and costs. For instance, what's the plan if there's another outbreak somewhere and venues have to shut again?¹⁵ Who pays? Will insurers cover that? (Spoiler alert, they won't.)

Do companies need to build in extra budget for performers and production staff to isolate for 2 weeks once they arrive in a different city or country? For any reasonably sized touring company that will wipe out any prospect of profit. And that is just the view from the production side. [Live Performance Australia has developed a \\$345m plan to assist in re-establishing the industry](#) and helping venues' doors open, although this plan still needs funding somehow, and it will likely only touch part of the sector.

There is also the issue of you, the audiences. COVID-19's economic effects have been ubiquitous. If the current income supports are withdrawn in September but under- and unemployment remains high, people may not have the disposable income to come out and spend money on shows. And if audiences do come out, will you experiment with seeing new artists and shows that don't have an established media profile? Or will you be more conservative with your limited funds and see an act or a show that costs more but is already a known quantity from radio or TV?

From a health perspective, will you as an audience member, be confident enough to sit in a theatre with 500 other people immediately? A study from the Australia Council for the Arts released on 18 May 2020 reports that [56% of surveyed audiences aren't yet comfortable with the idea of attending shows in crowds of more than 100](#). That's over half of people who are already engaged with the arts and live entertainment – what hope is there of new or casual audience members seeing a show?

It's a lot of effort and expense to undertake just to realise that the market isn't there. Confronted with an already risky business model, now with added uncertainty and expense, companies will surely err on the side of caution when deciding to resume business.

BUT WHEN THE PANDEMIC IS OVER

The big scary thing? Everyone has been voraciously consuming content while we were all locked inside – whether that be Netflix, or Stan, podcasts, YouTube, books (paper & audio variety), and any other number of things created by people in the arts and entertainment field.

Most of that content exists and is available for free¹⁶, on a subscription model (not directly paying money to the creators, but via the platform like Netflix) or by asking for donations. As a producer or artist, it's a scary prospect to focus your attention, experience, knowledge and resources into producing a show, performing

¹⁵ Again, this is for a longer and more well-versed person to explore, but one of the major problems events and venues had when COVID-19 forced shut downs was making insurance claims for interruption of business. Insurance companies categorised coronavirus as an 'act of god' which excluded it under the terms and conditions. However, once the government announced they were enforcing a closure of venues of over 500, and then 100 people, this meant that businesses were forced to discontinue their activities as it was now in breach of government legislation or edict, which *was* covered. This is why in the UK, there was so much outrage from the entertainment and hospitality sectors, because the Prime Minister refused for weeks to officially declare any restrictions, but strongly warned people from going to theatres, bars and restaurants – it forced businesses to keep trading until they either shut down themselves and risked not being covered, or keep trading with little chance of income so they could hopefully call on different financial supports when the inevitable happened. There are still many, many companies which fell through the cracks.

¹⁶ There is an excellent piece discussing the parallels between news media feeling the drive to provide free content when things moved online, and live entertainment within the COVID-19 context. 4 June 2020, *The Conversation* "Giving it away for free - why the performing arts risks making the same mistake newspapers did" by Caitlin Vincent <https://theconversation.com/giving-it-away-for-free-why-the-performing-arts-risks-making-the-same-mistake-newspapers-did-139671>

that show, and only after an audience has seen it and you ask for donations for you to have an indication of whether you'll lose money or earn money. That's no way to work or live¹⁷.

Asking for donations relies on an audience understanding that a donation shouldn't necessarily be based on whether you liked the show¹⁸ but in recognition of the skill, effort and resources that are involved in staging that production. I don't think Australian audiences are that well versed in the 'business of show' – and why should you be? It isn't a very common conversation to be having out loud, even within our own industry.

SO WHAT'S AN AUDIENCE TO DO?

While you might be back to some sense of normality (especially if you're reading this in Australia or New Zealand), know that everyone who works in the arts is still going through major upheaval and uncertainty. So support live artists where you can, and while people are producing content online, take the chance to discover a new show, artist or project (remember, you're saving money on dinner, drinks, parking, babysitters). And pay them for it. You might just find your new favourite. Or you might really dislike it. Every genre has shows that are good and bad and shows to different tastes. You won't know until you try and it's all good experience for being an interesting person.

When you see live shows in venues being announced (especially smaller shows!) buy tickets. Buy them in advance! (We see ticket sale reports once shows are on sale and adjust our levels of stress accordingly). Limit how often you take advantage of free or heavily discounted tickets according to your means. As producers, we use those offers as a way to generate word of mouth and to encourage people to take chances. Which means if you do take up those offers, at the very least, encourage friends to come with you or encourage them to organise their own groups.

As a producer, there is nothing more exhilarating than standing backstage and unprofessionally sneaking a peek around the curtain as a show is about to start to see a full audience, smiling and excited to see what's about to happen on stage. And knowing that I can pay my rent and do it all again.

Be generous. Value art. Plan events. Take chances. Solidarity got us this far.
It can take us the rest of the way too.

CORRECTION: This was updated on 12 June with a correction to the inside charges of Adelaide Fringe ticketing system. An earlier version incorrectly listed no inside charges, however there is actually a \$3/ticket charge.

¹⁷ An exception to this is the donation model which works quite well as one of the myriad business models that make up the Edinburgh Fringe Festival. However, this has been built up with very strong and dedicated advocates who have been communicating with audiences for years for this to work, and due to the unpredictable cash flow situation, it restricts the level of production values for shows. Oh, and you're basically still guaranteed to lose thousands of pounds doing a show at the Edinburgh Fringe. That's another conversation.

¹⁸ We've all seen shows or movies we didn't enjoy. We've all had meals that didn't quite live up to expectations. You don't refuse to pay in anything but the most extreme of cases.