



Iron Maiden VIP package holders showing off their swag in Las Vegas.

VIP PACKAGES ARE A WINDFALL

Casinos want a piece of the action

by BRAD WEISSBERG

REPORTING FROM NASHVILLE — The revenue windfall from VIP packages for casino concerts lands in the artist's lap; none of it goes to the venue. At a recent heated panel discussion of the topic held at the International Entertainment Buyers Association conference here, Oct. 10, casino operators/buyers, agents/promoters and VIP package providers held very different views of the future of the division of the VIP package profits. The issue has largely been ignored till now, but casino managers are starting to question the dynamics of the VIP package revenue structure and some are asking for a piece of the action.

VIP packages take many forms. The highlight of most of the packages is usually a meet and greet where the fans get up close and personal with their favorite artist.

They're often combined with ticket bundle upsells that include preferred seating in the first five rows, pre-performance sound checks and special private acoustic sets, autographs, laminates, special merchandise, and, of course, that all-important picture to post on social media.

With little cost outlay, the net is obviously appealing for artists. In fact, the VIP experience has become so common and lucrative it's an important piece of the revenue stream for most tours.

"The VIP packages and the meet and greets are a financial necessity to a lot of artists today," said agent Adam Kornfeld, AGI. "Additional income is vital to artists who tour."

"I find it extremely take, take, take," said Lori Otelsburg, owner, Signature Events. "There's \$50,000 to \$100,000 worth of revenue we're not sharing in. Why don't the casinos get a percentage of the VIP meet and greets? Why don't the casinos get a piece of the merchandise sold through the VIP packages?"

"The tours are asking us to provide all these people and time to help you," said Otelsburg. "Security is a big expense. Also, in my casinos, the first five rows are designated for black card players and tribal members, so giving up the tickets to the VIP package is a big problem. I'm very frustrated with the whole arrangement."

Artists, promoters and agents agree that in today's file-sharing

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world every possible dollar rung out of touring and VIP packages is essential to the bottom line. Fans with cash to burn relish the opportunity for the unique experience and with prices ranging from \$250 for a developing artist to \$1,000 or more for established artists and tickets fetching 50 to 100 percent more than face value, this is a win/win for something that takes minimal time and effort on the part of the artist and the organizers.

"In our view that's the artist's time," said VIP package provider Andrew Tanenbaum, Future Beat co-founder. "If someone wants to wait in line and spend \$250 dollars to meet a casino operator then go ahead and sell the ticket. The fan is there to meet the artist. We are just an add-on to the tour like sound and lights or trucking. Our VIP packages require little support from the casinos. The artists are doing the heavy lifting; usually the meet and greets are done after the artist has just spent two and a half hours performing."

Saying the events require "little support" is misleading, venue operators argued. According to casino managers there is a burden on casino staff and expense for the venue.

"Add to that the fact that often casinos pay a 'casino price,' a booking fee usually 10 to 15 percent higher than the 'arena/stadium' rate," said Steve Neely, chief marketing officer for Casino Del Sol, Tucson, Ariz., "and things start to look a little unbalanced."

Ironically, the meet and greets started as a way for the casinos to reward their high rollers and show respect to their tribal members and were usually part of the standard casino contract.

"The artists didn't get a dime from those," explained Tanenbaum. "They did it for the casino because they understood the casinos often didn't make any money on the shows and used them as a loss-leader to get people into their casinos to gamble. No one heard the artists grumble about doing it for free back then."

But what worked 10 years ago is no longer working in today's environment, and often the casino's calls for the artist's time to

meet their VIPs conflict with the artist's VIP package buyers' needs.

"Often our guests and our tribal members get pushed to the end of the line and scheduled after all the artist's VIP package holders have their turn with the artist," said Neely. "It can be hours just waiting. These are our biggest players and our tribal elders. It's disrespectful to both for them to have to wait behind a super-fan who shelled out a lot of money for their VIP package. It's becoming a bigger problem with each tour as the VIP packages have exploded."

"The VIP meet and greets are a bone of contention between the casinos and the tours, no doubt about it," said Rick Gallagher, Turning Stone Casino, Verona, N.Y. "The reason that the meet and greets are built into the casino contracts is because generally our venues are smaller than a typical venue and we're going to lose money on the show. The meet and greets for our customers are very important for guest loyalty. We pay a premium for the acts and we can afford to lose \$10,000 or \$20,000 if we can make it up through guest action and loyalty."

Another sore point is that the super-fans who are willing to pay the big bucks for the VIP packages are often not interested in going into the casino and gambling. "They are not spending their premium dollars anywhere except for the ticket," said Neely.

"Your job is to get them to play," said Kornfeld.

"Your job is to send us people who will play," responded Neely.

Tanenbaum suggested that the casinos offer a promotion in the VIP packages that will incentivize the VIP package buyer to go into the casino and play; like a \$50 gaming voucher. "We'd be more than happy to do that," he said.

Then there's the merchandise issue. All the merchandise revenue generated through the VIP packages goes directly to the artist. "We usually get 10 percent to 20 percent of the merchandise sales at a show," said Gallagher. "But we are excluded from anything sold in the VIP package. This is coming to a head and the agents can expect this to get a lot of push-

back going forward. The fact is that the fans are experiencing the fabulous meet and greet offered by the artist in our building. It wouldn't be happening if it were not for our building, it's our real estate."

Neely also had issues with the merchandise promised in the VIP package, which the casino is left being responsible for. "The agents and promoters don't understand what a pain it is for us to answer all the questions from the VIP package holders. Nor do they appreciate that we're the ones being asked, 'where is my stuff?'"

Some packages include some merchandise, other packages include something else, and it's the casino that's held responsible."

"We always have someone on the ground who is supposed to coordinate all that," said Tanenbaum.

"When the fan isn't getting what they think they should get they aren't screaming at the VIP package producer," said Neely. "They are shrieking at us."

"The artists can go somewhere else," said Jay Byrd, CAA. "You also have to look at where the casinos are located. If the uber-fan can't go backstage and meet the artist at the casino they will go to a venue where they can. The artists have many venues to choose from. The casino managers can fight it and not have the artist play the room or they can go along."

"It's not the C-level artists doing these VIP packages, it's the A-listers," said Byrd. "Casino operators can play ball or we'll go somewhere else."

Both Byrd and Tanenbaum said they'd be willing to subsidize the cost of the extra security and staff necessary for a meet and greet. "If there are extra charges most artists will agree to pick them up. You need to ask us," said Tanenbaum.

"To say we should treat the VIP package as merchandise and that the casinos should share in that revenue is ridiculous," said Byrd. "We're not getting a piece of the food and beverage or parking or any of the other ancillary revenues. If we can't agree and find a middle ground we'll have to consider other options. It's not 'do what we want or else' but, if I can't

appease my artist, my only option is to look at what else we can do. Both sides need to be more flexible.”

Not all of casino managers are dissatisfied with the current system. “The artists provide programming that we need,” said Tom Cantone, senior VP, sports and entertainment, Mohegan Sun, Uncasville, Conn. “The benefit they bring to the venue comes in many different forms. The meet and greets are usually done professionally and run like a well-oiled machine. They add value and are part of the overall experience; we use it as an advantage. The fans leave overwhelmed with happiness that they got this special attention and they remember that it happened here. I understand the frustration other casino operators may have with them, but in the end those pictures go onto social media and get shared thousands of times. It’s publicity you can’t buy.”

“I think we’re going to see a shake out in the next six months,” said Randy Wright, president, Integrity Events. “I think it can be a non-issue if everybody works together. The casino needs their VIP thing to happen and the band wants their VIP package to happen. The compromise is for everyone to understand what the other side needs and to work together.”

In the end, the situation may work itself out all by itself due to artist exhaustion.

Drake, who is headlining the biggest selling tour of 2016 is refusing to do any meet and greets for this tour and has instructed his people to refund every single VIP package that includes one. Fellow Canadian Justin Bieber also quit doing the one-on-ones in March. “I’m going to be canceling my meet and greets,” wrote Bieber on his Facebook page. “I enjoy meeting such incredible people, but I end up feeling so drained and filled with so much of other people’s spiritual energy that I end up drained and unhappy. Can’t tell you how sorry I am and wish it wasn’t so hard on me.”

Interviewed for this story: **Lori Otelsburg**, (818) 347-0600; **Steve Neely**, (520) 838-6727; **Andrew Tanenbaum**, (424) 285-8858; **Jay Byrd**, (424) 288-2000; **Adam Kornfeld**, (212) 813-9292; **Rick Gallagher**, (315) 361-7895; **Randy Wright**, (615) 777-5766

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