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BUSINESS | MEDIA & MARKETING

Musicians Hawk V.I.P. Concert Packages to Deter Scalpers, Boost Profits

Deals include meeting the band or customized swag; finding a price fans will pay but resellers won't exploit



Bassist Matt McJunkins and singer Maynard James Keenan of the rock band A Perfect Circle perform in Ohio in 2011. The band's manager is betting that V.I.P. packages will net its five members more than \$300,000 in extra revenue on its tour this year. *PHOTO: JASON MOORE/ZUMA PRESS*

By HANNAH KARP

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BEVERLY HILLS—For its U.S. tour this year, rock band A Perfect Circle is selling the best seats bundled into \$350 V.I.P. packages that include octopus-shaped incense holders, silk-screened messenger bags and preshow wine tastings.

The five-member band is betting that the packages will net it more than \$300,000 in extra revenue because the price tag—more than triple what the tickets would have cost without extras—is just low enough to attract superfans but high enough to ward off brokers looking to resell the tickets for a hefty profit.

Ticket pricing has long been a tricky problem for concert promoters and artists: prices that are too high can anger fans, but setting them too low lures scalpers who snap them up and resell them on the secondary market, pocketing the profit for themselves. Using dynamic-pricing software to adjust the ticket cost as demand shifts can help promoters capture more profit.

V.I.P. packages are another popular solution for artists looking to price tickets closer to their actual market value in a way that doesn't make them seem greedy. These packages can generate up to millions of dollars during a tour for an act above face-value ticket sales, a difference known in the concert business as lift.

Five-year-old Future Beat LLC, a Los Angeles V.I.P. ticketing company that takes a cut of the lift, said it doubled its revenue last year over 2015, creating V.I.P. packages for 125 North American tours, up from 85 tours the year prior. Helping drive demand for these pricey packages is a broader boom in the concert business, which has led the ticket-resale market in North America to balloon to about \$9.4 billion last year, up from \$8 billion in 2014, industry executives said.

To create the Perfect Circle packages, Future Beat co-founder David Berger didn't use equations or analytic software to arrive at the package price—he said he listened to his gut.

“You kind of get a feeling about what the price should be,” the 43-year-old Mr. Berger recently said.

Without the extra goodies, the 300 to 500 Perfect Circle tickets that would be set aside nightly for V.I.P. bundles likely would have cost \$99.50 each.

While Future Beat provides V.I.P. packaging for many tours promoted by Live Nation Entertainment Inc., the country's biggest concert promoter, Live Nation also offers its own V.I.P. package services through a division called V.I.P. Nation—started by a team that included Mr. Berger.

Performers ultimately decide how many V.I.P. packages will be offered. The deals are available for just about 5% of Live Nation's total shows world-wide, a company spokeswoman said, but they help funnel more revenue to the tour's creators and away from ticket brokers because they are priced "closer to true demand."

While "every V.I.P. program makes money," Mr. Berger said, many acts still don't offer such packages because their managers don't understand how much money they can earn, and satisfying fans can be challenging.

Some acts have been spooked after hearing their fans complain about packages they found subpar.

Ruth Zurawka, a 49-year-old software developer in Pittsburgh, said she was disappointed that she didn't get to spend more time with the members of the rock band Anderson, Rabin and Wakeman at a V.I.P. meetup before one of their concerts last year that had cost her \$700. She did get pictures and autographs, but for that money, she said, "you could put a down payment on a car." The band's management didn't respond to a request for comment.

Dino Paredes, who manages A Perfect Circle and other performers, recalled an instance when the band worked with another company and "the value that people got for their money wasn't what it could have been." He said he decided to try again with Future Beat only because Mr. Berger was an enthusiastic A Perfect Circle fan and was open to creative packaging.

Mr. Berger landed a job after college at Ticketmaster and worked his way up to help launch Live Nation's V.I.P. Nation program, working to create a V.I.P. package for U2 that he said generated millions for the rock band over the face value of the tickets for 34 concerts performed in 2009 and 2011. U2 declined to comment. Mr. Berger left the following year to start Future Beat with talent manager Andrew Tenenbaum.

Creating V.I.P. packages isn't rocket science—the offerings depend on what a band is willing to do, such as meeting fans. But executing them smoothly and creatively is an art, Mr. Berger said.

Mr. Berger said he tends to slightly underprice packages to keep fans coming back for the V.I.P. treatment and finds ways to make high-quality merchandise, such as soft T-shirts and weighty posters, for just slightly more than lower-quality goods cost to make, often putting him at odds with merchandise companies seeking to maximize their margins, he said.

To price preshow party packages for Iron Maiden last year, he estimated the market cost of the beer, snacks and T-shirts to be at least \$100 a person and then charged a total of \$195 for the package, factoring in the value of the additional, intangible perks such as the chance to win prizes and enter the venue early. Tickets to the concert were sold separately.

Mr. Berger said he probably could have sold out the package for \$250 a pop or more but “if we just sell a high-priced ticket—we’re kind of like a scalper.”

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