

# What happened to the live event industry?

 By [Greg Walsh](#)

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It was little more than nine months ago that organising an event with anything more than fifty suitably masked, socially distanced delegates was essentially a criminal offence. A once flourishing industry was brought to its knees, shamed and financially devastated.



Image supplied: Greg Walsh, CEO at G&G Productions

Countless businesses closed their doors and key venues like the Ticketpro Dome were sold in desperation, in this case, to become a car showroom. This is sad - and leaves a significant void in the indoor capacity venue segment.

But the storm seems to have passed, let's hope for good, and those that stood firm through Armageddon have the job of rebuilding and reshaping the industry ahead.

## What we learned from the European and American summer

Europe and the American summer festival season seemed to break records, well the YouTube videos suggested so anyway. The well-branded, renowned events and festivals soared to new heights and ticket prices.

Tomorrowland sold 600,000 tickets over three weekends, Formula 1 bounced back with record attendances over 23

weekends in 2022 and events like EDC, Lollapalooza, The Amsterdam Dance Event, Elrow and Coldplay and Taylor Swift's worldwide ticket sale launches shot the lights out.

On deeper analysis, however, the picture is less rosy. The global event supply chain has been devastated with infrastructure suppliers going under and skilled resources changing careers. So costs are significantly up across the board, worldwide. The events industry is also not immune to the 2022 inflation trend. Rising trucking costs, increased labour costs and limited resources have sent prices skyrocketing.

The story in South Africa is much worse than in the northern hemisphere. The supply chain got government subsidies to pay staff and keep doors open, but South African businesses did not. So the fallout in the supply chain is worse here.

The order of the day is higher breakeven points, lower profitability and of course, increased risk. Older age groups also remain somewhat nervous to be in large crowds.

## **The artist crises**

With countless shows cancelled across the world over two years, a significant list of IOUs started to build. Many profile musicians had performances booked, and most of these got publicly "postponed" instead of "cancelled." As soon as the restrictions were lifted, these shows started to get rescheduled. Artists and their management found themselves with lists of 20, 30, 50 or more shows to fulfil.

This means that their availability is extremely limited. So if you want them, it best you come with a very significant cheque to get a slot in their saturated, catchup timetable. There are many corridor stories of DJs who were accepting offers of €150,000 in early 2020, now refusing €500,000, in favour of "better offers."

## **The South African home party**

Did you buy a new flatscreen TV to ease the pandemic blues with friends at home? Maybe a little reno on the home bar area? A new sound system too? South Africans love to navigate rules and bend them to suit themselves.

The pandemic saw the rise of the "illegal" home gathering and the premium class (ticket-buying community) quickly adapted their homes to become their social havens.

People have gotten used to entertaining at home with 10, 20 or 50 people in favour of buying a ticket to a festival, concert or sports game. We all know the game is better viewed on TV with the commentary turned up to the max and people went to great lengths to improve their home setup and enrich this experience.

Now the idea of park and ride, queueing for beer and clambering over 35 pairs of knees to a seat seems to have a lesser appeal. It shouldn't, but we're stubborn!

South Africa is somewhat unique in this shift as our middle-class and elite homes are perfect for it. The majority of the European middle-class live in towns, in apartments with little space to entertain. When the restrictions were lifted, they flooded out to savour the spoils of meeting more than the two friends they could squeeze in at home!

This home vibing has become somewhat learned and entrenched behaviour. It's no different by the way for 18 – 25-year-olds who turned dad's garage into the neighbourhood nightclub.

## **The growth of the restaurant club**

This Saffa skirting the rules business was perhaps most exploited by the restaurant trade. Events are pre-regulated before they can open each time. The event organiser needs to obtain municipal permissions, police risk categorisations, disaster management approval, liquor licenses and many more certifications in order to open. Then once open, they're further

regulated on-site by the police assigned.

Restaurants by contrast obtain annual licenses and are then left to self-regulate with the odd checkup, maybe. Supply and demand is a funny thing. As we sat in no man's land with restaurants allowed to trade at 50% capacity (which few adhered to) but events limited to 50, then 100, later 250 and 500 and more or less unable to obtain permission for anything due to municipal hesitancy, the restaurants filled the gap and became party central.

Out with the white table cloths and Spotify "chill restaurant" playlists and in with permanent DJ booths, lighting systems, sparklers on champagne bottles and door charges or tables sales. The event promoters spotted the trend too and fueled it by moving their outdoor or arena events to cavernous restaurant environments – think Altitude Beach, Cabo Beach Club or the Grand Beach (there are countless more) hosting sold-out summer parties at record prices with international artists and rocking dancefloors.

This has changed the game. Where a top DJ would historically play a 3000 – 7000 capacity venue at prices from say R300 – R500, now they play a 1,200-capacity restaurant at R750 – R5000 per person!

## **The recession beckons**

With interest rates climbing and set to rise further, there is further pressure on the middle and lower income class especially. The cost of living has risen significantly and is set to climb further before hopefully eventually stabilising with the rising interest rates. We're in a recession whether we like it or not! This will have an impact too.

## **So it's all gloom then?**

No certainly not. The industry is just different now and has new challenges. Event organisers need to think outside the box and innovate to attract customers. Regardless of price, quality will inevitably rise to the top and we're still seeing well-known events break records and achieve heights they never have before.

Although the corporate big brand world is certainly under pressure financially, they also haven't been able to use event marketing at all for more than two years. There's pent-up energy to meet their target customers on the dancefloor or sports pitch. Events give brands and unparalleled marketing opportunities to directly and personally target customers that no other media form can. The smart event organiser needs to make partnerships and sponsorships more attractive than ever before and the brands need to get rid of the red tape and muck in to support them.

Most event companies are now smaller, more agile and more dynamic. They have fewer overheads and smaller offices but remain brim full of experience. They possess a newfound entrepreneurial tenacity learned by tap dancing and busking through two years of hell.

This too shall pass! I've always loved this statement. I love it so much that I have a piece of art on my wall at home that says it. From the most devastating fires come the greenest new shoots. The events industry is no different. As economies recover and supply chains catch up, we'll see a boom again.

## **ABOUT GREG WALSH**

CEO at G&G Productions  
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