

Initial Impacts of the COVID-19 Crisis on the Music Industry in Colorado and the Denver Metropolitan Region

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Margaret Hunt

Director, Colorado Creative Industries



Lisa Gedgudas

Program Administrator, Create Denver
Denver Arts & Venues, City of Denver

Prepared by:

Dr. Michael Seman

Colorado State University
LEAP Institute for the Arts
Regional Economic Development Institute



Introduction

The COVID-19 crisis has already significantly impacted the music industry throughout Colorado and in the Denver metropolitan region. The industry is driven by individuals, businesses, and venues that promote, host, and produce live events – these activities are severely curtailed under the necessary public safety actions taken by authorities at state and local levels. To better understand the damage the COVID-19 crisis has inflicted (and will continue to inflict) on the music industry in Colorado and the Denver metropolitan region, this study offers an estimation of employment and sales revenue losses in monthly increments from April to July, 2020.

Background

All sectors of the music industry have been and will continue to be affected by the COVID-19 crisis. Yet they are reacting in differing ways. For example, concert promoters immediately lost all sales revenue due to cancelled or postponed programming. Despite this loss of revenue, promoters most likely did not decrease their employment in the short term as they scrambled to reschedule concerts in an uncertain future. However, this loss of revenue is unsustainable for more than a 30 to 60-day period. As the crisis continues threatening live events into 2021, retaining employees will be difficult. Conversely, in the face of an abrupt halt to sales revenue, many music venues immediately laid off staff.

Musicians will not weather the crisis uniformly as they are at various stages in their careers. Some musicians may be in established bands and earn 70% or more of their income from touring – a problematic situation in the current local, national, and global landscape. Musicians who augment their incomes through teaching may be able to navigate their way through this challenging time for a few months as instruction has rapidly transitioned online and demand for music instruction by homeschooling families has increased. If the large-scale cancellation of all live shows and touring activity continues well into the fall or 2021, however, it is likely that only very successful musicians who can rely on their previous work to generate sales in terms of physical releases, branded merchandise, streaming, and placements of songs in films, television shows, and commercials will continue to be employed as musicians.

This study uses data from two reports concerning the music industry in Colorado and the Denver metropolitan region as the basis for an economic model to estimate employment and revenue losses from April to July 2020. The reports were published in 2018 and estimate that Colorado's music industry supports 16,076 jobs and generates \$1.4 billion in sales revenue while the music industry in the Denver metropolitan region supports 8,569 jobs and \$842 million in sales revenue.¹ As noted in these reports, it is important to keep in mind that a large portion of economic activity in the music industry is not captured by any official means and thus the estimations in this study are conservative.ⁱ

Impacts

Colorado's music industry will lose an estimated 8,327 jobs and almost \$345 million in sales revenue between April and July 2020 due to the COVID-19 crisis (Table 1). This represents 51% of total employment in the industry statewide and 24% of its annual sales revenue. Keep in mind

ⁱ More information on how this study was constructed can be found in the "Methodology" section.

that these estimates include those who are laid off and furloughed, plus those who piece together steady employment through various music-related “gigs” and as such may regain employment in the music industry beyond the time period examined.

Table 1. Estimated Losses for Colorado’s Music Industry: April – July 2020

Month	Employment	Sales Revenue
April (End of 30 Days)	4,236	\$76,511,379
May (End of 60 Days)	6,808	\$164,836,150
June (End of 90 Days)	7,930	\$255,292,424
July (End of 120 Days)	8,327	\$344,654,842

Source: *Colorado’s Music Industry: A Current Analysis and Look Forward*; *Denver Music Strategy*; Author’s estimates

The losses are not felt equally as some sectors of the industry are more exposed to the effects of the COVID-19 crisis than others (Table 2). In terms of employment losses, the Musicians, Managers, and Agents sector leads all others with an estimated 3,900 jobs lost. The Live Events sector, which includes those who work to ensure shows, concerts, and festivals happen in Colorado, represents another 3,320 jobs lost between April and July 2020. Together, these two sectors equal 87% of all jobs lost within the state’s music industry.

Results are similar when considering losses in sales revenue. The Live Events sector will lose an estimated \$163 million in the four-month period studied claiming a 47% share of all revenue lost. The sector containing musicians and those who manage and book them is responsible for an estimated \$145 million in losses, or 42% of all losses in sales revenue. These two sectors of Colorado’s music industry combine to equal 89% of all estimated losses in sales revenue between April and July 2020. Colorado’s music industry is robust, but the COVID-19 crisis will cause substantial disruption to its core strengths – live music events, musicians, and those that handle their careers.

Table 2. Estimated Losses for Colorado’s Music Industry by Industry Sector: April - July 2020

Industry Sector	Employment	% of Total Loss	Sales Revenue	% of Total Loss
Musicians, Managers, and Agents	3,900	47%	\$145,781,496	42%
Live Events	3,320	40%	\$163,022,200	47%
Education	397	5%	\$3,152,962	1%
Instruments	349	4%	\$8,501,276	2%
Recording and Product	182	2%	\$11,775,438	3%
Radio	179	2%	\$12,421,470	5%

Source: *Colorado’s Music Industry: A Current Analysis and Look Forward*; *Denver Music Strategy*; Author’s estimates

The Denver metropolitan region will experience similar losses as the entire state. This is unsurprising as related activity in the region represents roughly half of music industry activity statewide. Between April and July 2020 an estimated 4,525 jobs and \$213.7 million in sales

revenue will be lost in Denver’s music industry (Table 3). These estimated losses account for 53% of employment in the region’s music industry and 25% of its annual sales revenue.

Table 3. Estimated Losses for Denver’s Music Industry: April - July 2020

Month	Employment	Sales Revenue
April (End of 30 Days)	2,340	\$48,350,516
May (End of 60 Days)	3,712	\$103,511,795
June (End of 90 Days)	4,288	\$159,058,202
July (End of 120 Days)	4,525	\$213,797,442

Source: *Colorado’s Music Industry: A Current Analysis and Look Forward, Denver Music Strategy*, Author’s estimates

When separated into industry sectors, the Musicians, Managers, and Agents leads all others in employment losses with its 2,013 estimated jobs lost a 45% share of total employment losses within the four-month period (Table 4). The sector responsible for the promoting and hosting of concerts and festivals, Live Events, is close behind with a 44% share of all estimated job losses. Together, these sectors are responsible for 89% of all estimated employment losses in Denver’s music industry. These two sectors are also responsible for a majority of estimated losses in sales revenue for the industry. The Live Events sector is estimated to lose \$109.1 million in sales revenue from April to July 2020 which is 51% of all sales losses in the industry for the time period, while Music, Managers, and Agents is estimated to endure a loss of just over \$84 million in sales revenue. Combined, these two sectors represent an overwhelming 91% of all estimated losses in sales revenue. The core strengths of Denver’s music industry are the same as those for the entire state – live music events, musicians, and those that handle their careers. The COVID-19 crisis is well underway to dealing substantial economic blows to all of these strengths.

Table 4. Estimated Losses for Denver’s Music Industry by Industry Sector: April - July 2020

Industry Sector	Employment	% of Total Loss	Sales Revenue	% of Total Loss
Musicians, Managers, and Agents	2,013	45%	\$84,491,589	40%
Live Events	1,985	44%	\$109,192,574	51%
Education	195	4%	\$533,561	< 1%
Instruments	149	3%	\$5,109,962	2%
Recording and Product	99	2%	\$6,668,754	3%
Radio	84	2%	\$7,801,002	4%

Source: *Colorado’s Music Industry: A Current Analysis and Look Forward, Denver Music Strategy*, Author’s estimates

Conclusion

While the estimated losses in this study are substantial, they are also most likely conservative. A fair share of economic activity within any music industry ecosystem is informal and not reported to the institutions collecting such data. It is important to note these estimations only represent the impacts to people, businesses, and venues within the music industry. The “ripple effect” across all industries that the absence of spending and loss of employment in the music industry

causes is not captured here. One need only look to Austin, Texas and the loss of the SXSW conference and music festival this year to understand how a loss of economic activity in the music industry impacts businesses across many other industries within a region. Although not used in this study, employment multipliers for the industry sectors comprising the music industry range from 1.4 to 2.5. This suggests that for each job lost in the music industry, others are lost outside of the industry. The same potential ripple effect is true for sales revenue.

Colorado's music industry is also about more than just music. It generates \$1.4 billion in sales revenue annually (\$842 million in Denver) and is intertwined with other industries such as health care, outdoor recreation, craft brewing, film, technology, and more.² Music venues alone are more than just places for artists and fans to gather, they double as entrepreneurship incubators, help build social ties as gathering spaces for community members, and are often hubs for everyone who participates in a region's broader creative economy.³ These venues are a fundamental infrastructure on the verge of extinction. An estimated 90% of them will close across the country within six months if the COVID-19 crisis continues to prohibit them from opening their doors to music fans at meaningful capacity levels.⁴ What is needed to avert this crisis is substantial financial support from federal, state, and city channels as well as the philanthropic sector.

There will undoubtedly be wide-ranging and long-lasting impacts on the music industry in Colorado and the Denver metropolitan region due to the COVID-19 crisis. Many in Colorado's philanthropic sector and private industries – in addition to artists – have quickly stepped up to help. The Colorado Music Relief Fund's televised and streaming event, "Banding Together" raised \$625,000 for music industry participants and was sponsored by Breckenridge Brewery, Bohemian Foundation, Live Nation, and others. The Lumineers-hosted livestream event, "Colorado Gives Back," raised over \$600,000 for the Recording Academy's MusiCares charity, as well as the Colorado Restaurant Association in order to help those affected by the COVID-19 crisis.⁵ These events are a testament to the enthusiastic support and dedication of all who love music in Colorado, but the combined total of funds raised will only help those in the music industry with immediate needs.

This situation is not unique to Colorado. Efforts are underway nationwide that may help influence federal policymakers and benefit music ecosystems across the country. The National Independent Venue Association (NIVA) is lobbying Congress to secure assistance for venues across the country while more than 600 artists including Lady Gaga, Mavis Staples, Willie Nelson, and André 3000 signed a letter sent to Congress supporting NIVA's efforts. Denver Arts & Venues' Red Rocks Amphitheatre is a member of NIVA and actively working to support their mission to preserve and nurture the ecosystem of independent live music venues and promoters throughout the United States. NIVA's mission statement highlights the value of music venues to their surrounding communities stating they "are critical to their local economies and tax bases as employers, tourism destinations, and revenue generators for neighboring businesses such as restaurants, hotels, and retail."⁶

Looking towards the future when the COVID-19 crisis starts to recede, the Music Cities Together initiative is working with cities across the country through their Reopen Every Venue Safely (REVS) program. Denver Arts & Venues represents Denver in the REVS program joining Los

Angeles, Chicago, Austin, New Orleans, Seattle, Portland, Cleveland, Albuquerque, Louisville, and Charlotte, plus representatives from Canada and the United Kingdom. REVS will facilitate best-practices for venues to reopen.⁷ Reopening efforts will not come without a price tag. Venues may need to train staff, hire additional security, purchase personal protective equipment, upgrade ventilation systems, and invest in other safety precautions. These are substantial financial challenges for businesses that have not had any income for months.

Colorado policymakers and leaders should initiate targeted responses now. This could mitigate irrevocable damage to what was a thriving economic engine for the state leading up to the COVID-19 crisis. Coordinated efforts amongst those in the public, private, and philanthropic sectors will ensure that when it is safe to experience music again – in the venues and at the festivals that Colorado is known for worldwide – the music will still be there.

Methodology

This study uses the methodology and data provided in the reports, *Colorado's Music Industry: A Current Analysis and Look Forward* and the *Denver Music Strategy* as the basis for the definition and size of the music industry in Colorado and the Denver metropolitan region.⁸ Both of these reports were published in 2018 and are publicly available. The reports take an “industrial approach” in defining the music industry and include the firms and establishments that comprise the industry and all of their employees including support staff, e.g., the receptionist, the in-house graphic designer, and the promoter at a concert promotions company. Those who are self-employed and work in a freelance capacity are also included.

The studies used the North American Industry Classification System (NAICS) to define which industry sectors should comprise Colorado's music industry and data was gathered from various sources such as the City of Denver Arts & Venues, EMSI, U.S. Census, the Bureau of Labor Statistics, *Pollstar*, audited financial statements, media reports, and information gained from industry representatives. The studies note that despite the amount of data gathered, a substantial amount of economic activity in the music industry is not captured by any official means, so their results are likely conservative.

The economic model used in this study estimates losses from April 1st to July 31st, 2020 and incorporates several assumptions based on an informed perspective. The effects of local and statewide “stay-at-home” and “safer-at-home” orders and the closing of non-essential businesses are considered as well as all live events at full-capacity being prohibited until likely 2021 at the earliest. The model assumes access to federal stimulus funds for firms, establishments, and the self-employed. Additionally, this model incorporates a predicted 24% contraction of the United States' overall economy taking hold in April and progressing through the second quarter of 2020 and unemployment averaging 14% in the same time period.⁹

Information concerning how the COVID-19 crisis may affect specific aspects of the music industry in Colorado was gained from informal interviews with those in the industry and perspectives published via media outlets, private firms, and government agencies. It is important to note that estimated job losses include those who are laid off and furloughed, plus those who piece together steady employment through music-related “gigs” and as such may regain employment in the music industry beyond the time period examined.

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