

FROM RUSSIA WITH CASH

Private Gigs Hold Up Despite Economic Downturn

LONDON—The party might be over for business magnates in Russia and the United Kingdom, but insiders say private gigs for super-rich individuals remain big business in Moscow and London.

Once the preserve of veteran acts no longer able to draw audiences on the regular touring circuit, in recent years the prospect of mega-ruble paydays has lured even current superstars to perform at corporate and private parties, with the sector's growth largely fueled by

money from Russia's new breed of oligarchs.

London's status as a financial center—and a base for many Russians—makes it a key location as well, while business was also growing in the United Arab Emirates before the credit crunch.

Carol Meehan, director at the Glasgow, Scotland-based corporate entertainment broker Star Management, which has organized private shows for such pop acts as Girls Aloud and Ronan Keating, says

the recession has cut demand from companies.

"But individuals who are wealthy will ask for private entertainment anytime," Meehan says. "For certain people, once they get past certain income, they don't think about costs."

Secrecy shrouds the details of most such shows, but such A-list stars as Jennifer Lopez, Mariah Carey and Christina Aguilera have been widely reported as performing private gigs for Russians in the last couple of years. Many more have taken place under the media radar.

Among the most well-documented cases, Lopez reportedly earned \$2 million including expenses in 2007 to perform in Ascot, England, at the birthday of the wife of Russian banking/minerals magnate Alexander Melnichenko. Amy Winehouse earned a reported £1 million (\$1.5 million) to play the opening of the Garage

Gallery, owned by London-based oligarch Roman Abramovich's girlfriend Darya Zhukova, in Moscow in 2008.

Hugh Phillimore, a producer with the London-based events production company Sound Advice, which has used Gabriella Cilmi and Duffy for private/corporate shows, says he has previously fielded offers as high as £5 million (\$7.6 million). Demand from corporate clients is now "virtually nonexistent," Phillimore says. But when asked how the recession is affecting concerts for private individuals, he replies, "Not much."

Colin Lester, manager of the U.K. R&B star Craig David and founder/CEO of CLM Entertainment, says \$250,000 is a more typical payday for a name artist, plus expenses—and the occasional tip. Lester notes that Craig recently performed a show in Kazakhstan for an entrepreneur who gave him a brand-new Ferrari.

"Despite the economic climate, it is still a big, buoyant

industry," he says. "If anything, the private-gigs business during the first half of this year is going to be better for me compared with the same period last year."

U.K. pop star Lily Allen maintains that, prior to the release of her second album, "It's Not Me, It's You" (Regal/Parlophone), she had made more money from private shows than from record sales.

"Someone will ask me to do a Christmas gig and I'll ask them for 200 grand," she says. "That's where I make my money. Artistically, these gigs are absolutely horrendous. You feel like a complete and utter [fool], but that's the way the world is now."

Still, that world is changing, and the international economic downturn hit Russia particularly hard. Between Sept. 1, 2008, and May 16, 2009, the Russian ruble's exchange rate against the U.S. dollar fell by 30%, from 24.57 rubles per dollar to 32.08 rubles per dollar, while the RTS stock market dropped 70% during 2008. Meanwhile, the number of dollar billionaires in Russia dropped from 101 in early 2008 to 49 in early 2009, according to a survey by the Russian busi-

ness magazine *Finans*. The bottom dropped out of the Russian corporate entertainment market at its traditional New Year Eve's peak—when insiders reported the number of corporate parties dropped by 60%-70% year on year—and has yet to recover.

Since then, "it has been a slow period," says Kirill Feldman, general director of the Moscow-based promoter Art Event Group, which regularly puts on private shows. "On the one hand, it is due to the overall economic situation; on the other, the months following the New Year holidays are always a quiet period."

But gigs for wealthy individuals are likely to hold up, according to Alexander Tikhonov, a music business analyst with the InterMedia agency in Moscow. "Among Russian oligarchs, there will always be those ready to pay up," he says.

Lester agrees. "The level of wealth we're talking about is so vast," he says, "even if they lost 10% of their value in the money markets, they'll still have more money than you and me." ●●●

Additional reporting by Mark Sutherland in London and Ilya Zinin in Moscow.

