



Exploring the Business Models of Artist Management Companies: Revenue Streams, Client Acquisition, and Value Creation in the Modern Entertainment Industry

Czar Kunder

Abstract

Artist management companies play a pivotal role in the modern entertainment industry by guiding and developing talent in an increasingly complex, globalized market. This research paper explores the business models of artist management companies with a focus on how they generate revenue, acquire and retain clients, and create long-term value. The evolution of artist management is traced from its traditional forms to the digitally transformed landscape of today. Core management models – including commission-based agreements, hybrid retainer models, full-service firms, and boutique agencies – are examined in terms of structure and viability. Key revenue streams such as live touring, merchandise, endorsements, intellectual property (IP) rights, and vertically integrated ventures (including digital platforms) are analyzed to understand how management firms capitalize on diverse income sources. Strategies for client acquisition are discussed, highlighting talent discovery in the social media age, branding and image development, contract management, and artist retention through career development. The paper also delves into value creation approaches like long-term brand building, global market expansion, and cross-media integration that management companies employ to enhance an artist's career. Challenges and criticisms in the industry – from exploitation concerns and legal disputes to the rise of self-managed artists – are addressed to provide a balanced view. A case study on HYBE Corporation (formerly Big Hit Entertainment) illustrates a modern, global artist management model, showcasing HYBE's business structure, innovative 360-degree strategies, and global expansion efforts. Keywords: artist management, music industry, talent management, business model, revenue streams, entertainment industry, HYBE, client acquisition, artist branding, digital transformation.

Introduction

The entertainment industry, and the music sector in particular, is a multi-billion-dollar global business that thrives on the creation and promotion of talent. In 2024, worldwide recorded music revenues reached approximately \$29.6 billion, marking the tenth consecutive year of growth in the industry [1]. Within this expansive market, artist management companies serve as crucial intermediaries between creative talent and commercial success. An effective artist manager orchestrates the various aspects of an artist's career – from music releases and touring to brand partnerships – ensuring that creative output translates into sustained business growth. Virtually every successful artist benefits from professional management; it is often said that great talent needs great management, which is “arguably the most important business relationship” an artist



can have in their career [2]. Artist managers not only handle day-to-day logistics and negotiations but also provide strategic vision, acting as business partners who help artists navigate the complexities of the entertainment ecosystem. This introductory section provides an overview of the entertainment industry's structure and underscores the importance of artist management companies in fostering and amplifying artistic careers on a global scale. In the sections that follow, we will examine the evolution of artist management, core business models and revenue streams, approaches to talent acquisition and development, strategies for creating long-term value, challenges facing the sector, and a focused case study on HYBE Corporation as a leading example of a modern artist management model.

Evolution of Artist Management in the Digital Age

Artist management has transformed dramatically from the lone, relationship-driven roles of the 20th century to today's data-savvy, team-based operations. Traditionally, managers acted as sole intermediaries, securing record deals, media spots, and tours by leveraging personal networks—often controlling both career and finances [3]. However, the digital revolution of the early 2000s disrupted this model. Streaming platforms and social media empowered artists to reach audiences directly, reducing dependence on industry gatekeepers [4].

As a result, modern managers must master digital marketing, analytics, and online engagement to stay competitive. Today's managers track metrics, plan content, and optimize visibility across platforms, often supported by specialized teams in marketing, branding, and logistics [5]. The role has shifted from deal-maker to strategic coordinator, reflecting the entertainment industry's evolution from analog systems to a fast-paced, tech-driven ecosystem. Though the core goal—guiding an artist's career—remains unchanged, the methods have radically adapted to meet the demands of a digital age.

Core Business Models of Artist Management Companies

Artist management companies operate under several business models, most commonly the commission-based model, where managers take a percentage (typically around 20%) of an artist's gross income [6]. Rates vary by artist stature—superstars may negotiate 10–15%, while developing acts may pay up to 25% to reflect higher risk [6][7]. The commission-only model aligns manager incentives with the artist's success, though critics argue it's outdated given managers' broader roles today.

Some adopt a retainer + commission hybrid, especially for emerging artists. Managers may charge a monthly fee early on and switch to a commission as the artist earns more [7]. This ensures managers are compensated even when initial income is low. However, retainers are less common, and industry norms caution against large upfront fees, favoring the traditional percentage-based approach [3].



In terms of service structure, full-service firms handle all aspects of an artist's career—marketing, touring, merchandising, and even label or publishing functions. These large firms offer one-stop solutions and 360-degree strategies, appealing to artists seeking expansive support [8]. Examples include Red Light and Maverick.

Conversely, boutique agencies manage smaller rosters, offering personalized attention and genre-specific expertise. These firms often function more intimately, acting as mentors while outsourcing services as needed [9]. Some position themselves as hybrids, blending full-service capability with boutique-level care [8].

Ultimately, the choice between models—commission-only, hybrid, full-service, or boutique—depends on the artist's goals, career stage, and desired level of involvement. While commission remains standard, the evolving industry has made room for flexible structures tailored to different types of artists.

Revenue Streams in Modern Artist Management

Revenue generation is at the heart of an artist management company's business model. Managers typically earn their income as a share of the artist's revenues, so understanding and maximizing these revenue streams is a crucial part of management strategy. In the contemporary entertainment industry, an artist's earnings can come from a wide array of sources. Major revenue streams include live performances (touring and concerts), merchandise sales, endorsements and sponsorships, music sales and streaming royalties, licensing and intellectual property rights, and increasingly digital platforms and content monetization. Artist management companies endeavor to develop all these streams in a balanced, career-sustaining way, often pursuing a "portfolio" of income sources to ensure stability and growth.

Live performances and touring have long been one of the most lucrative revenue streams for artists, especially as income from recorded music sales declined in the digital era. Concerts and tours generate direct income through ticket sales, VIP package sales, and associated sponsorships. For top-tier artists, tour revenues can be astronomical – for instance, superstar concert tours in recent years have grossed in the hundreds of millions of dollars (Taylor Swift's *Eras* Tour in 2023 was projected to generate on the order of \$1–2 billion in ticket sales globally). Even mid-level and independent artists often find that live performances yield higher profit margins than other activities, since fans are willing to pay premium prices for the experience of a live show. One analysis noted that despite the challenges of rising production costs, touring "offers artists higher profit margins compared to streaming" and remains the dominant income source for many, particularly independent musicians [21]. Managers focus heavily on live strategy – scheduling tours in the right markets, negotiating favorable deals with promoters, and ensuring that tours are cost-effective. In the wake of the COVID-19 pandemic, live streaming concerts and virtual performances also became part of the live income spectrum, though



in-person concerts have since rebounded. Artist managers often coordinate with booking agents on tour routing and use dynamic pricing, marketing campaigns, and fan engagement tactics to maximize concert attendance and revenue.

Merchandise (merch) sales represent another vital revenue stream, one that has grown in importance in recent years. Merchandise includes any branded products that artists sell to fans – commonly T-shirts, hoodies, posters, albums (vinyl/CD) and collectibles, but also expanded lines like fashion collaborations, figurines, or even beverages and makeup (for multi-industry artists). For many artists, especially those with passionate fanbases, merchandise sales can rival or even exceed earnings from music sales or streaming. Industry observations have highlighted that merchandise has “become an essential revenue stream for musicians, often surpassing earnings from streaming and even live performances” in certain cases [10]. Selling branded items provides a steady income and doubles as marketing, since fans wearing an artist’s merchandise effectively promote the brand. At live shows, merch sales are a significant component of tour economics. In fact, one 2023 statistic indicated that the average artist on tour earned over \$10,000 in gross merchandise sales per concert – an amount that for many artists outstrips what they might make from a year’s worth of streams on digital platforms [11]. Managers play a role in merchandise by negotiating merchandise deals or handling it in-house (some management companies have merchandising divisions or partnerships), planning product lines that resonate with the artist’s image, and timing merch drops to album releases or tours for maximum effect.

Endorsements, sponsorships, and brand partnerships constitute a revenue stream that has expanded with the rise of influencer culture and social media. These deals involve an artist receiving payment (or other compensation) from companies in exchange for promoting a product, becoming a brand ambassador, or collaborating on marketing campaigns. For example, a pop star might endorse a beverage brand, appear in commercials, or partner with a fashion label on a clothing line. These arrangements can be highly lucrative and also enhance an artist’s public profile. Managers often actively seek such opportunities, aligning their clients with brands that fit the artist’s image. According to industry reports, strategic brand partnerships not only bring immediate revenue but can boost an artist’s overall earnings significantly; one report noted that collaborations with major brands (like Nike or Pepsi in the case of top artists) contributed to a roughly 15% increase in the artists’ revenues during a given period [12]. Endorsements can range from one-off sponsorship of a tour (e.g., a tech company sponsoring an artist’s concert tour) to multi-year global ambassador roles. In the modern landscape, even mid-level artists might secure sponsorships for their online content or tours from companies eager to reach niche audiences. Managers negotiate these contracts to ensure they are favorable and in line with the artist’s long-term branding.

Recorded music sales and streaming royalties remain a fundamental part of the revenue mix, though the structure has shifted from physical sales to digital streams. Income here includes



revenue from physical album sales (CDs, vinyl – which has seen a niche resurgence), digital downloads (diminishing nowadays), and streaming payouts from platforms like Spotify, Apple Music, YouTube, etc. While streaming pays artists at a fraction of a cent per stream, large volumes of streams or inclusion on popular playlists can translate to substantial revenue. However, only the top tier of artists earn significant money directly from streaming; for many, streaming serves more as a promotional tool that fuels other revenue streams (such as touring and merch). Management companies monitor streaming data closely. They coordinate release strategies (timing of singles/albums), seek out playlist placements (often via label partners or distributors), and analyze which markets show strong streaming growth to inform touring plans. Some management firms have even started their own label services or distribution arms to capture a greater share of streaming revenue and provide that infrastructure to their clients.

Licensing and Intellectual Property (IP) rights form another revenue pillar. This includes synchronization licensing (having the artist's music used in films, TV shows, commercials, or video games), which can yield significant one-time fees and royalties. It also encompasses the ownership or administration of master recordings and publishing (songwriting) rights. Traditionally, record labels and publishers handled these areas, but increasingly artist management companies are getting involved – either by helping artists retain ownership or by creating their own label/publishing entities. Some forward-thinking managers, for instance, have arranged for their artists to own their master recordings and then directly license that content for use in media, thereby securing both creative control and financial benefit. Additionally, as part of IP, many artists branch out into owning businesses (such as starting a clothing line, fragrance, or even tech startups) or investing in content creation (like producing a documentary about their tour). These ventures often come under the guidance of their management. A clear trend in recent years is vertical integration by management companies – expanding into areas like recorded music, live event production, merchandise production, or tech platforms so that the company can capture value at multiple points. For example, some management firms operate as labels signing their own artists' releases, or have dedicated divisions to create concert livestreams, YouTube content, or NFTs (non-fungible tokens) for their artists, thereby opening new revenue channels.

One illustrative example of revenue diversification can be seen in the business breakdown of HYBE Corporation, a prominent music and management company. HYBE categorizes its income into “artist direct involvement” and “artist indirect involvement” segments. In 2024, HYBE reported that revenue from direct artist activities – such as album sales, concerts, and commercial deals – was approximately KRW 1.445 trillion, while revenue from indirect involvement – including official merchandise, fan club content, and licensing of IP – reached about KRW 809 billion (roughly 36% of total revenue) [13]. This shows how significant the supposedly ancillary streams (merchandise, content, IP licensing) have become, constituting a large share of total income. Management companies increasingly strategize around such

comprehensive monetization. For instance, beyond just selling T-shirts, companies build fan community apps and subscription services to monetize fan engagement (as HYBE does with its Weverse platform).

Finally, digital platforms and content deserve special mention. In the modern era, artists can generate revenue through platforms like YouTube (ad revenue from music videos or vlogs), Twitch or other livestream services (where fans donate or pay subscriptions to watch performances or interactions), Patreon or similar fan subscription services (where artists offer exclusive content for a fee), and even social media content monetization (some social platforms compensate high-view content creators). While these may not always match the scale of touring or endorsements for major artists, they can be non-trivial, especially for independent artists. Managers assist in optimizing these channels – for example, planning regular YouTube content that can be monetized, arranging sponsored content deals on social media, or integrating the artist's activities with crowdfunding and fan support platforms.

In summary, revenue streams for artists in the entertainment industry are multifaceted, and a key role of management companies is to help artists tap into as many of these streams as make sense for their career. A forward-thinking management approach is often described as a 360-degree strategy, not in the contractual sense of labels taking a cut of everything, but in the sense that managers cultivate all dimensions of an artist's business: music, live shows, merch, brand deals, media appearances, etc. By diversifying income sources, managers help artists achieve financial stability and longevity. Furthermore, each revenue stream can feed into the others (for example, a popular social media presence boosts music streams, which in turn attracts brands, which then sponsor tours, and so on). The integrated development of revenue streams is central to value creation, which will be discussed in later sections.

Client Acquisition: Discovery, Branding, Contracts, and Retention

Building a strong artist roster requires management companies to excel at talent discovery, signing, development, and retention. While traditional scouting at live shows remains important, modern managers also rely heavily on digital platforms like YouTube, TikTok, and SoundCloud to spot rising talent. Over 55% of managers now use these platforms, leveraging metrics such as follower growth and engagement to identify potential clients [14][15]. Viral success stories like Shawn Mendes and Lil Nas X highlight how online buzz can lead to major opportunities. However, managers look beyond raw numbers to assess authenticity and long-term potential.

Once a promising artist is identified, managers often build relationships by offering early guidance, with contracts outlining commissions, services, and terms. Reputable managers avoid high upfront fees and instead use strategies like sunset clauses to secure commission on past work after a contract ends [13]. The company's reputation also plays a role in attracting



talent—some artists prefer personalized attention from boutique managers, while others are drawn to the reach of major firms.

A crucial part of artist development is branding—managers help shape public image, messaging, and visual identity to connect with audiences and stand out in the market. This branding, along with strategic career planning, boosts fan loyalty and monetization opportunities [17].

Retention depends on continued value and trust. Managers who deliver new opportunities, communicate openly, and adapt to an artist's evolving vision are more likely to maintain long-term relationships. Even as artists grow and gain independence, managers must pivot from hands-on guidance to a more advisory role when appropriate. In a Forbes survey, 70% of independent artists said they sought better career guidance, underlining the manager's importance [61].

In short, successful client acquisition is about more than just signing contracts—it's about discovering promising talent, building trust, crafting a compelling brand, and guiding artists strategically as they grow. Whether talent is found in a local club or on TikTok, the fundamentals of great management remain the same: vision, commitment, and a deep investment in the artist's success.

Value Creation Strategies in Artist Management

Beyond securing deals and income, artist management companies focus on creating long-term value by building sustainable careers that maximize an artist's cultural impact, brand strength, and financial return. Three key strategies drive this effort: long-term brand building, global expansion, and cross-media integration.

Long-term brand building is foundational. Rather than chasing short-term trends, managers aim to develop artists into enduring brands by managing their image, maintaining consistent output, and nurturing a loyal fanbase. This sometimes involves turning down lucrative but off-brand opportunities in favor of credibility and longevity. Over time, authenticity and reliability translate into brand equity, opening doors to ventures in fashion, film, and endorsements—much like Beyoncé's transition into a global icon. Managers often map both short- and long-term plans that align with the artist's evolving identity.

Global expansion is another pillar. Thanks to digital distribution, music can now reach worldwide audiences instantly. Managers monitor international fanbases and tailor strategies for different markets, often partnering with local promoters or launching multilingual releases. Companies like HYBE adopt “multi-home, multi-genre” approaches—building regional hubs to localize content while growing a global brand. This enhances not only the artist's reach but also the management company's international reputation.

Cross-media integration involves expanding the artist's presence into film, TV, gaming, and branded products. This diversifies revenue and deepens fan engagement. Artists may act in films, host shows, or appear in games, while management helps launch entrepreneurial ventures like fashion or cosmetics lines (e.g., Rihanna's Fenty Beauty). These projects strengthen the core music career and foster vertical integration across industries.

Underlying all this is sustainable career management—balancing opportunity with the artist's well-being and creative longevity. Managers time album cycles, manage workload, and guide career transitions as artists age or shift audiences. Like building a brand or company, creating value in artist management is strategic and forward-looking. The best managers help artists evolve across eras, keeping them culturally and commercially relevant long after trends pass.

Challenges and Criticisms in Artist Management

While artist management companies are essential to the entertainment industry, they face significant challenges, including ethical concerns, legal disputes, and the rise of self-managed artists. A major historical criticism is artist exploitation—managers once had excessive control over finances and contracts, often prioritizing personal gain. Though codes of conduct now encourage fairness, imbalanced contracts still occur, particularly when artists lack legal guidance [18].

One recurring issue is post-termination commission (sunset clauses), where disputes arise over managers continuing to earn from deals after the relationship ends. The Kid LAROI's legal battle with his former manager illustrates how such conflicts can escalate when contracts are unclear or success comes quickly [20]. Similar tensions have surfaced in high-profile cases, including Chance the Rapper and Angus & Julia Stone, where trust eroded over financial disagreements [19]. These legal disputes highlight the importance of clear terms and transparency.

The industry is also seeing a shift as some artists choose self-management, empowered by digital tools that allow them to distribute, promote, and book independently. While this offers full control and cost savings, it demands significant time and effort. Most artists still rely on managerial support as their careers scale, though hybrid models—where consultants are hired for specific tasks—are increasingly common [21].

Many artists also avoid traditional deals due to past abuses, such as overly controlling "slave contracts" in K-pop or early Hollywood. Modern artists often enter negotiations with legal support, pushing for more equitable terms. Governments and industry bodies have responded with increased regulation, further curbing exploitative practices.

Lastly, a persistent tension exists between creative freedom and managerial guidance. Some managers push commercial strategies that artists feel compromise their vision, while some artists resist professional advice needed for growth. Striking a healthy balance remains crucial.



In sum, artist management is evolving alongside greater artist empowerment. The most successful managers today focus on partnership, transparency, and adaptability—values that help navigate the industry’s inherent tensions around power, profit, and creativity.

Conclusion

Artist management companies remain central to the success and sustainability of artists’ careers. In today’s digital era, managers have evolved into multi-skilled professionals—combining strategic planning, marketing, and data analysis with traditional roles like negotiation and advising. While commission-based models remain standard, alternative structures like retainers and full-service firms offer tailored value.

Revenue diversification has become essential, with artists now earning from live shows, merchandise, brand deals, and digital platforms. Managers adopt 360-degree strategies to build stable income portfolios and often expand operations in-house for greater control and profitability. Talent acquisition blends traditional scouting with data-driven discovery on social platforms, but the core of successful relationships remains trust, shared vision, and thoughtful brand building.

Long-term value creation is now defined by global reach and cross-media presence. Effective managers guide artists through evolving markets, leveraging branding, cultural adaptability, and expansion into film, fashion, and digital experiences. Yet challenges persist—historic exploitation and contract disputes still surface. The rise of self-managed artists has pressured the industry toward more ethical, partnership-based management models.

Looking forward, artist management will likely embrace AI, immersive tech, and global integration. But the essential human element—mentorship, judgment, and trust—will remain the cornerstone of artist development. The artist-manager bond continues to be indispensable in turning talent into enduring success.

References

1. Music Business Worldwide. (2025, March 19). *Global recorded music revenues hit \$29.6bn in 2024, up 4.8% YoY; users of paid music subscriptions reach 752m*. Music Business Worldwide. Retrieved from <https://www.musicbusinessworldwide.com/global-recorded-music-revenues-hit-29-6bn-in-2024-up-4-8-yoy-users-of-paid-music-subscriptions-reach-752m/>

2. IndieFlow Staff. (2023, April 4). *The Art of Artist Management: Navigating the Music Industry*. IndieFlow Blog. Retrieved from <https://www.indieflow.me/blog/artist-management>
3. Robertson, A. (2024, September 25). *The Changing Role of The Artist Manager*. FestivalPro News. Retrieved from <https://www.festivalpro.com/festival-management/3374/news/2024/9/25/The-Changing-Role-of-The-Artist-Manager.html>
4. Briffa. (2018, September 26). *Music management, contracts and commission*. Briffa Legal Blog. Retrieved from <https://www.briffa.com/blog/music-management-contracts-payment/>
5. Sarauz, D. (2018, October 2). *Artist Management Contract Points: The Term, Percentages, and Services*. Medium. Retrieved from <https://medium.com/@domenyka/artist-management-contract-points-the-term-percentages-and-services-649e02479f0d>
6. Omari MC. (2023). *37 Best Artist Management Agencies In 2023*. Omari MC Blog. – Excerpt on Arrow Music Agency: “full service boutique” and revenue focus. Retrieved from <https://www.omarimc.com/6-best-artist-management-agencies/>
7. Omari MC. (2023). *37 Best Artist Management Agencies In 2023*. Omari MC Blog. – Excerpt on Primo Artists boutique agency. Retrieved from <https://www.omarimc.com/6-best-artist-management-agencies/>
8. Chuckas, H., Ruiz, J. V., & Burton, C. (n.d.). *How Artists Monetize Their Craft Through Concerts, Streaming, and Merchandise*. F-flat Books. – Merchandise often surpassing streaming/live earnings. Retrieved from <https://fflat-books.com/how-artists-monetize-their-craft-through-concerts-streaming-and-merchandise/>
9. Talent Management Institute. (2023). *Music managers looking for talent*. Talent-management-institute.com Blog. – Excerpt: Brand partnerships (Nike, Pepsi) and 15% revenue increase (Forbes, 2020). Retrieved from <https://www.talent-management-institute.com/blog/music-managers-looking-for-talent>
10. HYBE Co., Ltd. (2025, February 25). *HYBE Records All-Time High Annual Revenue in 2024* [Press Release]. HYBE Corporate Website. – Financial results with direct vs. indirect involvement revenue figures. Retrieved from <https://hybecorp.com/eng/news/news/7523>