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Ricky John Molloy - Polfoto / AP file

Pearl Jam in a 2000 performance at the Roskilde music festival grounds, near Copenhagen, Denmark, where eight fans were trampled to death.

## The music biz in a Pearl Jam

**Internet road to independence: Will the band's exit from Epic stampede the dinosaur labels?**

**COMMENTARY**  
By Eric Olsen  
SPECIAL TO MSNBC.COM

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June 5 — Bands come and go from record labels in a revolving door of euphoria and dejection, so when the news came out that Pearl Jam had fulfilled its contract and was leaving Epic after 12 years, many in the industry shrugged and went back to their Mocha Malt Frappucinos. But this is more than just another band leaving just another label.

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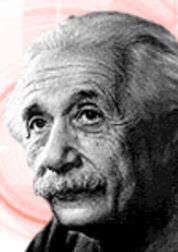
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THIS IS ONE institution leaving another, the most popular and important American rock band of the '90s voluntarily rejecting the grandest label heritage — the longtime home of Bob Dylan, Bruce Springsteen, Santana, Miles Davis and Tony Bennett — because the band may no longer require the services of a major label.

If Pearl Jam — now touring the United States to wildly enthusiastic crowds — is able to create a successful business model mobilizing its fans via the Internet and engaging in such “crazy” stunts as releasing live double albums of every show it performs, this could be the beginning of a stampede away from the lumbering dinosaurs that the major labels have become.

The last band standing of the volcanic Seattle grunge explosion of the early '90s that also produced Nirvana, Soundgarden, Alice In Chains, and Screaming Trees, Pearl Jam is a rare bridge between the splintered alternative rock, classic rock, and jam band factions, exactly the kind of broad-based, critically prestigious, career-oriented artist that Columbia/Epic Records (now owned by Sony) has developed, nurtured and cherished over the decades in a proud tradition that dates to the late 1880s and the Columbia Graphophone Company of Bridgeport, Conn.



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Epic didn't want Pearl Jam to go: Despite declining sales over the last several years the band is still money in the bank. L.A. music

attorney Kenneth Freundlich of Schleimer & Freundlich estimates the label has raked in close to \$100 million thanks to the band over the years.

And Columbia/Epic/Sony has

traditionally held fast to its most important artists: Santana 20 years, Michael Jackson over 20 years, Johnny Cash and Miles Davis 30 years each. Bruce Springsteen has spent his entire 30-year career with Columbia, Dylan all 40 years save for a couple of quick records for Geffen in the early '70s, Barbra Streisand 40 years, Tony Bennett most of 50 years.

But as band manager Kelly Curtis told me by phone, “The band made this decision 10 years ago. They had a seven-album contract and never renegotiated it like most bands do when they have the success Pearl Jam has had.”

So what is at stake? Everything. If *the* marquee band can leave *the* most important label in recording history with impunity, then the major label lock on the music business is over.

### **LABEL OWNS YOUR SOUL**

What do bands get from labels? They get a big chunk of change up front when they sign a typical high profile seven-album deal like Pearl Jam did 10 years ago. Everyone likes a large lump sum of money: Debts can be repaid, substantial down payments can be made on cars and houses, drugs can be purchased in bulk at a substantial savings — wait — scratch that.

But in exchange for that lump sum, the label owns your soul. That lump sum isn't a payment, it's a loan against which recording, promotion, and publicity costs — virtually all costs — are charged. A band doesn't start receiving royalties, real “earned” money, until it pays back that loan with sales, or “recoups.”

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#### **STORY** [Pearl Jam tour satisfies pent-up demand](#)

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Very few artists ever recoup and earn royalties — as Pearl Jam has undoubtedly done — and even when they do recoup, artists don't receive ownership of their own master recordings. As attorney Freundlich puts it, “The old adage is, it's like paying off your mortgage but never owning your house.”

“Creative” accounting practices by the record labels over the years have made it even harder to recoup. (Those practices are

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now being legislated against in California Senate bill 1034. In the words of the bill's sponsor, Sen. Kevin Murray (D-Los Angeles), "Under the current structure, there is no disincentive for record companies not to properly account for and pay royalties, therefore, bad behavior by companies is rewarded.")

In addition to cash up front, labels also afford entrée into the rarified world of radio play, and access to the best shelf space at retail. They still have the channels.

### **WILL INTERNET STRATEGY WORK?**

Can Pearl Jam manage these on its own?

"We are very excited about our freedom," band manager Curtis told me. "New technology and the Internet have made it possible to try all kinds of new things, and that's what we're going to do." Their Tenclub provides a "direct link between the band and its fan base, 50,000 strong," according to club manager Tim Bierman.

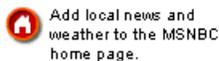
Through the club, the band managed the wildly ambitious "bootleg" series that saw the release of a live double album for each of the 72 shows on its 2000-01 world tour. Those releases sold a combined 1.3 million copies online and in stores, and the organization is selling a similar series of recordings for their current tour, almost exclusively through the site.

Billboard Reports that live CDs recorded during each 2003 show in Australia, Japan, and on the first leg of the U.S. tour "seem to be selling well, considering they are only accessible on the Internet."

Though it has had some radio hits, like the surprise '99 smash "Last Kiss," Pearl Jam is more an album-and-touring band like Phish or the Grateful Dead. They don't need label help with radio or touring, and with their success over the years, they probably don't need the cash up front.

But can the Pearl Jam organization get enough recorded music out there through its Web site, fan club and independent distribution to make a go of it without major label distribution?

The dinosaurs will be watching closely.



*Eric Olsen is editor of [Blogcritics.org](#), “a sinister cabal of superior bloggers on music, books, film, popular culture, and technology.”*

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