Starbucks signs Paul McCartney to new record label

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SEATTLE (Reuters) - Starbucks Corp. said on Wednesday former Beatle Paul McCartney would be the first musician to release an album on the coffee shop chain's new Hear Music record label.

The announcement was made by Starbucks Chairman Howard Schultz at the company's annual meeting in Seattle.

McCartney, 64, appeared at the meeting via satellite from London, and said his move reflected the challenges facing the ailing record business as acts look for innovative ways to sell CDs in the face of competition from Internet piracy and rival forms of entertainment, like videogames.

In the United States, overall album sales so far this year are down almost 17 percent from last year at 99.2 million units, according to tracking firm Nielsen SoundScan. CDs are increasingly being seen as mere marketing tools for more-lucrative endeavors such as touring and merchandising.

McCartney is a popular live act -- his 2002 tour was the top draw in North America with ticket sales of $103 million -- but veteran artists rarely see such success translate into album sales.

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His most recent album, the Grammy-nominated "Chaos and Creation in the Backyard," has sold a modest 533,000 units in the United States since its 2005 release, according to Nielsen SoundScan.

McCartney, who is going through a bitter divorce from wife Heather Mills, said he was aiming to release the as-yet-untitled album in early June.

Starbucks does not disclose how much money it makes from CD sales, but has said the business is profitable. Schultz did not forecast how many McCartney CDs the new label expects to sell.
Starbucks formed the Hear Music record label earlier this month to develop records and sell them in its coffee shops and through music retailers.

The Seattle company’s influence as a music retail outlet has grown due to success with albums by Ray Charles, Bob Dylan and others that have been sold in its stores.

Apart from a brief stint at Columbia Records in the early 1980s, McCartney spent his entire career at EMI Group Plc. The British company distributes the Beatles catalog, including the song “Strawberry Fields,” through a partnership with the Beatles’ Apple Corps. McCartney licensed his solo work to EMI through his lucrative music publishing concern MPL Communications.