Music Industry Worried About CD Burning

By ALEX VEIGA, AP Business Writer
Sat Aug 13, 8:11 PM ET

Music copied onto blank recordable CDs is becoming a bigger threat to the bottom line of record stores and music labels than online file-sharing, the head of the recording industry's trade group said Friday.

"Burned" CDs accounted for 29 percent of all recorded music obtained by fans in 2004, compared to 16 percent attributed to downloads from online file-sharing networks, said Mitch Bainwol, chief executive for the Recording Industry Association of America.

The data, compiled by the market research firm NPD Group, suggested that about half of all recordings obtained by music fans in 2004 were due to authorized CD sales and about 4 percent from paid music downloads.

"CD burning is a problem that is really undermining sales," Bainwol said in an interview prior to speaking before about 750 members of the National Association of Recording Merchandisers in San Diego Friday.

The focus on CD burning Friday was welcomed by Alayna Hill-Alderman, who said she has seen music CD sales slide in recent years while sales of blank recordable CDs have soared.
"We are feeling the decline in our store sales, especially with regard to R&B and the hip-hop world," said Hill-Alderman, co-owner of Record Archive, a two-store company operating in Rochester, N.Y. "It's all due to burning. We've lost tremendous amounts of those sales to flea markets and bodegas."

After experimenting with copy-protected CDs in Europe and Latin America in recent years, some record labels have begun releasing albums in North America with similar copy restrictions. The CDs typically allow users to burn no more than a handful of copies.

Velvet Revolver's "Contraband," released last year, was equipped with such copy-protection technology and grabbed the top sales spot in its debut week.

Some saw that as a sign music fans didn't mind CDs with copy restrictions. But other releases since, such as the latest Foo Fighters album, have sometimes spawned fan complaints that the restrictions go too far or create technology conflicts with portable audio devices.

Simon Wright, chief executive of Virgin Entertainment Group International, which oversees the Virgin chain of music stores, said he's in favor of labels releasing more albums in a copy-protected CD format, regardless of the potential for consumer backlash.

"If, particularly, the technology allows two-to-three burns, that's well within acceptable limits and I don't think why consumers should have any complaints," Wright said.