CONSUMER BEAT

Are U ready 2 pay 4 his music 2wice?

By Bruce Mohl, Globe Staff, 5/9/2004

Prince, who hasn't had a hit recording in more than a decade, has come up with a novel way of boosting sales of his new album -- he's compelling fans attending his concerts to buy the CD when they purchase a ticket.

The bundling of a CD and a concert ticket for one price has the music industry buzzing. It allows Prince to sell direct to his audience, cutting out all the middlemen. It also helps push his album up the record charts, the key to getting more radio play, which in turn drives retail sales.

Prince's album, called "Musicology," has earned strong reviews. It debuted at number three in its first week at the end of April, posting sales of 191,000. It held on to the third spot last week even though sales slipped 10 percent to 172,000.

Overall, concert sales accounted for about 18 percent of Prince's total CD sales over the two weeks, but they appeared to be the key in the second week to Prince's holding on to third ahead of Diana Krall's "The Girl in the Other Room," which sold 144,000 copies.

By some estimates, Prince's concert sales will boost his overall album sales by 400,000 units over the course of his tour. A record is certified as gold at 500,000 units sold and platinum at 1 million copies.

While Prince's business strategy appears to be working, it has a downside for his fans. Anyone wanting to see Prince in concert has to pay for his CD (two of them if a husband and wife go together) whether they want it or not.

Prince also has done a poor job of getting the word out about his bundling experiment. It's possible many fans bought tickets to a concert and separately purchased the CD, not knowing they were going to get a stripped-down version of the CD at the concert.

L. Londell McMillan, Prince's business partner and attorney, says the artist is selling concert tickets and CDs as a package purely to make sure his music is heard.

"This is all about the music," McMillan said. "We aren't playing chart games. This is us thinking outside the box of the music industry. This is all about getting the music in as many hands as possible."

As for fans who find themselves with two copies of the CD, McMillan suggested they resell one of them to a friend.

Mike Dreese, the chief executive of Newbury Comics Inc., a 24-store chain known for its
extensive CD inventory, applauds Prince for trying to reach customers in a different way. He said the struggling music industry has to try different approaches, and notes Prince's concert sales haven't hurt the chain's retail business. Dreese said he sold about 1,500 Prince albums in two weeks, exceeding his buyer's expectations.

But Dreese said it's ridiculous for Nielsen SoundScan, the company that tracks record sales in the United States and supplies much of the information for Billboard magazine's charts, to consider the CDs distributed at concerts as sales.

He said many concertgoers weren't even aware the CD was included in the price of the ticket, let alone given an option of purchasing it or not. How can that be considered a sale? he asks.

"It's a record giveaway. It's not a sale," Dreese said. "It's one of the most absurd chart-hyping scams I've ever seen."

Tickets for the two Prince concerts at the FleetCenter in August went on sale in March for $49.50 and $75. There was no mention at the time that "Musicology" was being included in the price. There was nothing on the tickets about the CD and no notification on the Ticketmaster website.

FleetCenter officials say they were notified two to three weeks after the ticket sale that stripped-down "Musicology" CDs would be distributed to fans as they entered the arena.

The concert CDs come in cardboard slipcovers and lack the artwork and DVD included with the retail version. They reportedly carry the logo for NPG, Prince's private label, and don't mention Sony Music's Columbia Records, which is distributing the record at retail.

McMillan said Prince's fans are being treated fairly because the ticket prices are reasonable even including the cost of the CD, which he valued as part of the ticket at about $8, far less than the $11.50 surcharge assessed by Ticketmaster on each ticket. McMillan said Madonna and other arena acts often charge $200 to $300 for their tickets.

The price of the bundled CD is also several dollars less than what many retailers are charging. A new copy of the album was for sale last Friday at Amazon.com for $13.49, not including shipping.

Prince fans were clearly willing to pay the prices. Both of his shows at the FleetCenter, 34,000 seats in all, are nearly sold out, and there is talk of a third show being added.

McMillan said the bundling strategy could work for what he calls "legacy and heritage artists." These artists, people like Phil Collins, Elton John, Billy Joel, and others, typically have no problem selling out a concert playing their old songs, but their records, particularly new releases, often have trouble selling well.

Legacy artists don't get much radio play and many of their baby-boomer customers rarely set foot in a record store. Bundling a CD with a concert ticket could boost sales and force radio stations to take notice.

"We're challenging a number of assumptions of the music industry," McMillan said. "It's a great experiment and who knows, maybe it's the way of the world. Certainly so far it's something that's working."

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