Recalling 45's, Music Labels Push Market for DVD Singles

By CHRIS NELSON

Sign a contract with Epic Records, home to artists like Celine Dion, Good Charlotte and Kelly Osbourne, and you can expect to have your every move followed by a video manager toting a high-definition camera. Signing records for fans, fooling around backstage before shows, talking with the director of your latest clip for MTV — all is captured as potential bonus footage for DVD singles.

DVD singles — digital videodiscs that typically include two music videos along with extra features — represent a market that is just beginning to be charted by the music business. Some record labels — in an industry suffering a two-year sales slump — hope that the new format can become the modern-day successor to the vinyl 45 single. Retailers, however, are unsure whether to place them in video or audio departments, in part because there is no standard packaging.

Still, executives at some labels think that the format holds considerable potential.

"We document everything with everybody as really a matter of course now," said Steve Barnett, executive vice president and general manager of Epic Records Group, a division of Sony Music Entertainment.

Arista Records, a unit of the Bertelsmann Music Group, is promoting DVD singles particularly heavily with youth-oriented pop artists. For Pink and Avril Lavigne, the label has already released multiple DVD singles tied to a particular album, much the way labels used to pull several audio singles from one LP.
DVD singles, which sell at list prices from $7.98 to $9.99, may be an avenue for labels to make up lost sales in the traditional singles market. Shipments of CD singles, which never received the support labels gave vinyl 45's, fell to 4.5 million last year from a high of 66.7 million in 1997, according to the Recording Industry Association of America.

The new DVD format may also be a weapon to combat illegal file-sharing, especially among young listeners who have become accustomed to downloading audio tracks free but are willing to pay for products in the popular DVD format.

Tiffani Edwards, 19, of Clarkston, Mich., said she used to buy CD singles, but began downloading music as singles became hard to find or, for some artists, were not even released. But she paid for the DVD single of Ms. Lavigne's "I'm With You" and "Sk8er Boi," and plans to buy the follow-up DVD of "Losing Grip" and "Complicated." Both include extra material, like behind-the-scenes footage and photos.

"I really wasn't aware of the DVD single option until I got an e-mail from Avril's mailing list saying it was available," Ms. Edwards said.

The task for record labels is getting young buyers into the habit of buying DVD singles now, so they continue paying for them even when video footage is quickly downloadable, said Silvio Pietroluongo, who oversees Billboard's Hot 100 singles chart. When music companies shunned CD singles in the 1980's and 90's in favor of promoting full-length discs, they taught a whole generation of listeners not to look for them, he said.

At this point, sales of DVD singles hold more promise than profit. While the Recording Industry Association does not yet break out shipments for DVD singles, it said the industry shipped 10.7 million DVD units of all lengths in 2002.

Ms. Lavigne's "I'm With You" is consistently selling 1,200 copies a week, Mr. Pietroluongo said. Celine Dion's "A New Day Has Come" has sold 70,000 copies since last May, according to Epic.

Increasing those sales may require product uniformity from an industry that has not decided if the DVD singles are more akin to video or music items. Epic packages DVD singles in the clamshell cases that are used for DVD movies. Arista packs them in CD jewel boxes. To avoid confusion with compact discs, Arista's DVD singles sport a stop-sign in capital letters saying, "This Is a DVD Single" with additional notes about compatibility in PlayStation 2 machines but not CD players.

The Universal Music Group currently uses clamshells, but will soon switch to jewel boxes, said Mike Gillespie, vice president for sales and
customer operations at Universal Music and Video Distribution.

The differences in packaging mean that Wal-Mart Stores carries DVD singles in both its audio and video sections, rather than grouping them together, a Wal-Mart spokeswoman, Karen Burk, said.

The format also has a split personality at Billboard, which tracks DVD singles on its video music chart, but also counts their sales toward positions on the Hot 100 singles chart.

In the meantime, there is no consensus that singles will grow into a stable moneymaker, despite promotion by Sony and BMG. Universal labels favor full-length DVD's, which fetch about twice the price of singles for what Mr. Gillespie said are roughly similar production costs.

DVD singles, however, can help build buzz for a group that has not existed long enough to warrant a full-length product. Mr. Barnett of Epic cites the example of a heavy-metal act, Mudvayne. The label issued a DVD single for the song "Dig" in 2001 after the band's album "L.D. 50" had sold 150,000 copies. The DVD, which includes multiple camera angles for the song's video and other bonuses, sold 60,000 copies and helped introduce Mudvayne to a broader audience.

The DVD single may bring young customers back to the cash register who had grown wary of buying full-length CD's they thought were stuffed with filler, said Frank Lord, operations manager at a Tower Records store in Chicago.

"They can afford a DVD single," he said. "They're not going to pop 20 bucks for some band they never heard of."