Concert CD's Sold on the Spot by a Radio Giant

By MATTHEW MIRAPAUL

Clear Channel Communications, the radio broadcasting and concert promotion giant, plans to introduce a venture today that will sell live recordings on compact disc within five minutes of a show's conclusion. The venture, Instant Live, will enable a band's still-sweating fans to leave with a musical souvenir instead of say, a pricey T-shirt or a glossy program.

Although initially modest, involving only small-audience clubs and theaters in the Boston area, the venture could eventually extend beyond radio and concerts into music distribution. And that could prove troubling to critics, who already complain that the company's rigidly formatted radio stations prevent diverse artists from reaching the airwaves and that its dominance of the concert business too often forces touring acts to accept unfavorable deals.

Josh Bernoff, a music industry analyst at Forrester Research in Boston, said Clear Channel's entry into the CD business could alter the music industry's tenuous balance of power. At the moment, no single record label dominates the market the way that Clear Channel dominates the radio and concert business.
"For the labels," Mr. Bernoff said, "that means that their most important goal is to get Clear Channel to broadcast their acts and promote their concerts." The task could become more challenging, he said, if the labels find themselves competing against Clear Channel's own CD's for air time.

But Clear Channel executives say Instant Live is not so much a foray into the CD business as it is a way to wring further revenue from live music events. And they note that it is simply a continuation of the trend among various bands and start-ups in recent years to sell authorized recordings that are available on CD or as Internet downloads soon after the event. This practice can generate additional revenue for musicians and also thwart illicit concert recordings, they said.

"We're not interested in signing artists to exclusive recording contracts," said Steve Simon, an executive vice president in Clear Channel's concert promotion unit in Cambridge, Mass.

The Instant Live venture adds an element of immediate gratification for music consumers, with towers of CD burners turning out multiple copies of the digital recordings.

"They would look at it as another trinket to sell to concertgoers when they're at their venue, whether it's a T-shirt or an instant bootleg or a hot dog," said James M. Marsh, a broadcasting analyst at the investment bank SG Cowen Securities.

And at least one long-time manager of rock bands, Irving Azoff, said he was enthusiastic about the Instant Live concept, especially at a time when concert concession sales are declining. "I, for one, would rather have a live CD of the show that I can take home than a T-shirt," he said. "So I think it's the future of the touring merchandising business."

Mr. Azoff said he was talking to Clear Channel about offering Instant Live discs during a summer tour of the vintage rock bands Journey and REO Speedwagon, provided that the company can demonstrate its ability to churn out enough discs to satisfy an arena-size audience.

Clear Channel has tested the Instant Live service at a half-dozen small-venue concerts since Feb. 27. In the first instance, people attending a performance by the alternative-rock band Machinery Hall at the Paradise Rock Club in Boston could buy a two-CD set for $15 for admission to the concert.
recording of that night's show for $15. So far, as many as 30 percent of the Instant Live concertgoers have purchased CD's at a given event, Mr. Simon said.

To make the discs, a master recording is made that blends music from the band's mixing board with ambient sounds, including crowd noise, from other microphones. As soon as the show ends, the master copy is taken to a small tower of CD burners, each of which can duplicate up to eight discs at a time. Fans will be able to preorder the discs when they buy tickets for the concert or place orders at any time during or after the performance.

Mr. Simon said Clear Channel would hold as many as five Instant Live concerts a month at small clubs in the Boston area. He said the venture would expand to larger venues and other cities. Clear Channel also has an exclusive distribution agreement with the Best Buy consumer electronics chain to sell Instant Live CD's in eight of its Boston-area stores and, beginning in mid-May, through its BestBuy.com Web site.

So far, the Instant Live performers have been bands like Spookie Daly Pride and Bomb Squad that do not have major record deals. The larger labels would probably frown upon a flood of Instant Live discs competing against their own official releases.

But Mr. Simon said that Instant Live's success did not depend on adding big-name acts from major labels. "It would be disingenuous to suggest that we don't want to expand the universe and do it with signed acts," he said, "but it is a business regardless." He declined to make sales forecasts.

Dan Millen, manager of Spookie Daly Pride, said the Instant Live program could be a bet on the possibility that at least one of the acts would eventually break out. In his own case, if the band lands a record deal and has a hit tune, demand for the Instant Live release would soar, he said. "If we sold 2 million copies of our album and 100,000 of our live bootleg from Clear Channel, then Clear Channel is going to significantly recoup their investment and then some," he said.

Meanwhile, Mr. Millen said, Spookie Daly Pride receives promotional support and radio play that it might not receive without Clear Channel's backing — even though the band is exactly the kind of indie-rock outfit that would otherwise have difficulty cracking Clear Channel's formats.
Indeed, because Clear Channel's four Boston stations do not play alternative rock music, Mr. Simon is working with two non-Clear Channel stations to promote the Instant Live acts. Mr. Simon declined to discuss how the Instant Live venture might complement Clear Channel's radio programming other than to say, "There's a panoply of alliance and bundling opportunities that this product would offer." Translated, this might mean that stations could someday offer an "Instant Live Hour," or some such program, that would promote the discs.

Mr. Simon said he could also envision making the audio recordings available at the shows as digital downloads to MP3 players or similar devices. And he said that DVD-recording technology is about 10 months away from being able to produce large numbers of concert video recordings on the spot.

Mr. Millen and other band managers said they received one-third to one-half of the $15 disc price, terms they found agreeable. And while all noted that Clear Channel's reputation among musicians is not generally high, none said they felt pressured into accepting a bad deal. "It wasn't `We want the whole farm and we'll give you this corn row over here,' " Mr. Millen said. "It was, `We'll give you a lot of the farm, and if you need anything else, let us know.'"

Although the instant CD idea may work for unsigned acts, it could pose many problems for musicians signed to major labels. Standard contracts, for instance, can stipulate that artists must produce a specific number of albums, so care would need to be taken to ensure that a week's worth of live CD's did not fulfill the band's contract obligation. And negotiating song licenses, particularly when versions of another band's tunes are involved, can also be thorny.

But the biggest obstacle to major-label acceptance could be the fear that the instant CD's would cannibalize the sales of an official release.

That is why DiscLive, a company that has also started to test the instant disc market at small clubs in New York, is taking a slightly different approach by limiting its releases to on-site sales, with no subsequent distribution planned. "What we're selling is a collector's item, a memorabilia piece," said Rich Isaacson, DiscLive's chief executive.

It is too early to know how big the market for instant concert CD's might become. Although the experience is not a direct comparison
might become. Although the experience is not a direct comparison, John Paluska, manager of the jam band Phish, said that the group had already sold close to $1 million in concert-show downloads over the Internet since opening the livephish.com site in late December. The recordings are typically made available within 48 hours of a performance. So far, Phish fans have downloaded nearly 100,000 concert copies, compared with sales of 180,000 copies of the band's most recent album, "Round Room."

"In our eyes, it's been a big success," Mr. Paluska said.

But he said it would not be easy for Clear Channel to move into the instant-CD sphere. With all the legal issues involved, he said, "They're going to be surprised at how complicated it is."