Two Labels Warm Up to MP3's

By BILL WERDE

WHILE the record industry sweats over how to prevent consumers from transferring music from commercial CD's to digital files and swapping copyrighted material online, two labels are exploring a different approach to the format battle.

In early April, the Palm and Mute labels began to release discs that include unprotected MP3 files along with conventional CD audio tracks. Palm, working with a small independent label, Kemado, released "Sunlight Makes Me Paranoid" from the New York band Elefant; fans can listen to all 10 tracks on a CD player or in MP3 format, and the disc includes a bonus song available only in MP3 format.

Mute, well known among fans of electronic music, released a double album of techno tracks, "2 CD's & MP3's." The album has 12 MP3-only cuts in addition to 16 tunes in both formats.

Representatives of the labels say the decision to include MP3 files on the CD's does not reflect a surrender to illegal file traders, but rather, pragmatism.

"We're just acknowledging the way our fans like to listen to their music," said Dan Cohen, head of marketing for Palm. "The idea of doing this isn't to say to kids, 'Hey, swap our files.' We're saying: 'Thank you for buying the record. We want to give you something.' Maybe that's saying, 'You'll burn this onto your iPod anyway; well, here - it's high quality, it's sanctioned by the artist and we're cool..."
with you having it on your player.' And if a few people trade it, well, we're hoping they'll like it enough that they'll go buy it."

Mr. Cohen said the Elefant album had sold just under 2,000 copies in six weeks, exceeding its 90-day sales goal. Palm has since released three more MP3/CD albums; a fifth is coming in August.

Seth Hodder, the label manager at Mute, said it, too, was seeking to meet the demand of its customers.

"We spoke with some of the D.J.'s we work with, and it became clear that more and more of them were abandoning vinyl for programs such as Final Scratch and Traktor, and playing digital files," Mr. Hodder said. "It just made sense to include them on the CD."

In early May, Mute's star D.J. and techno composer, Richie Hawtin, drove home the point in a promotional appearance for Apple Computer. At Apple's Manhattan store, he spun a compelling set of music using five iPods.

Hilary B. Rosen, the chairman and chief executive officer of the Recording Industry Association of America, the organization behind recent lawsuits that took aim at file-swapping consumers, offered a cautious endorsement of this latest marketing tactic. "If companies want to save people the trouble of ripping their files to an MP3 format, that's fine," she said. "Our view has always been if the copyright holder wants to give away their product, it's fine. The key issue is that it's their choice to give it away."

Including unprotected digital files on a CD is little more than a gesture, because it takes only a few minutes to convert the tracks on an unprotected CD to MP3 files anyway. But in the context of the rocky relationship between record labels and music consumers over the last few years, Palm and Mute and the artists they represent are wagering that the symbolism won't be lost on fans.

"This is about artists trying to get closer to their audience," said Mr. Hawtin, who, performing as Plastikman, contributed "Afrika," a track of clanging drums, to the Mute compilation.

"Maybe this CD is only giving people what they could already have, but it shows a good attitude from the label toward the consumer," he said. "These labels understand what's happening and want to be part of the digital revolution."
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