If the major labels in the 1960s and '70s followed the same practices they do today, Columbia would have dropped Bob Dylan after Self Portrait, his poorly received album of 1970, writes Vit Wagner.

Time to face the music

Blame the Internet, greed or artists

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For the record business, there’s bad news, worse news and even worse news still.

The bad news is that sales of CDs are in a freefall, representing a $250 million loss over the last two years.

In short, a Canadian business worth $1.2 billion at the end of the old millennium has slowed to $950 million at the start of the new. The pattern is much the same everywhere else. Record music sales worldwide plunged some 9 per cent in 2002 alone.

The worse news is that the slump has hit Canada first and hardest, because of our higher-than-average use of the Internet, compared to other countries, and the tendency of Internet downloading to cripple traditional record sales.

"But I think we’ll have turned the corner this year," says Brian Robertson, head of the Canadian Recording Industry Association (CRIA). "I don’t want to say the worst is over — the industry underestimated the impact of compression technology — but we’ve got a handle on the problem now."

This is where the even worse news comes in. The industry as it is now — the one that started in the 1890s
when the first commercial recordings hit the market — may simply not be around in a decade or even less. The handle Robertson is talking about might only be a last hope, unless the recording industry reinvents itself.

As music downloading continues to soar — KaZaA’s online file-sharing service leapt by a staggering 1,500 per cent between the summers of ’01 and ’02 — layoffs are widespread across the recording industry. Entire divisions — such as Sony’s classical division in Canada — are being pared back. Such high-priced stars as Mariah Carey are getting dumped. And the vicious backbiting has begun.

"They’re their own victims," says one senior executive, known for years as an unabashed booster of the recording business. "And the problem has been the CD — the CD and its plastic jewel case. It looks like crap."

Worldwide, the entire music business is still worth a whopping $66.6 billion (all figures Canadian) but only if you factor in cash-cow ventures such as sponsorship deals and tour profits that together account for some 40 per cent of all profits.

Otherwise, the world once ruled by five major labels — Sony, EMI, BMG, Universal and Warner Music — is imploding.

As a stopgap, an EMI-Warner merger is already in the works. Vetoed earlier by European regulators when first proposed, the deal will be done because bureaucrats in Brussels, faced with potential job losses on their own turf, will go along with the marriage bringing together EMI’s European clout with Warner’s distribution strength in North America.

And at least one other potential merger would reduce the Big Five to Big Three. Apple Computer’s recent bid to nab Universal Music Group from cash-desperate Vivendi Universal would serve to make Apple’s Steve Jobs the main man in the music business, as well as help boost sagging Apple home computer sales, now running at around only 3 per cent of the market.

Jobs is offering $8.7 billion for Universal. With 25 per cent of the world CD sales, Universal has 23.5 per cent of the world’s music business. (The rest of the lineup is: Sony, 14.7 per cent; EMI, 13 per cent; Warner, 11.8 per cent; and BMG, 8.2 per cent. "Independent" recording companies account for some 28.9 per cent of world sales.)

Even harder hit is the "bricks and mortar" part of the business, with entire record chains folding, the big ones retrenching (HMV shut down its main New York City location last year; Tower Records closed up shop in Canada in 2001) and the remainder trying to find some way to stay alive.

"Right now, it’s a case of the last man standing," says Bob Sniderman of Sam The Record Man.

At this dark and desperate point, CRIA’s Brian Robertson would probably even take a ray of gloom.

The retail won’t disappear altogether, with the arrival of musical DVDs and more "enhanced" CDs, says Robertson. "There’ll be a balance between that and downloading."

The question is, will there be enough of a record business around to make recordings for people still willing to pay for them?

Herewith, we offer five ways to change the music industry.

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**Plot 1: The Jukebox Jihad - Peter Howell**

In this hour of need for the record industry, we must look to Elvis for guidance.

We must ask ourselves what Elvis would do to stop the theft of music via the Internet, now so widespread and so brazen that it makes the Baghdad looters look like trick-or-treaters. Some 17-year-olds I know have vast music collections but have yet to purchase their first CD.
Elvis wouldn’t stand for this.

He wouldn’t hold lectures about how wrong it is to steal. He wouldn’t be preparing an educational campaign based on the false notion that human beings are essentially honest. If they were, Internet theft wouldn’t be a problem.

He wouldn’t be hatching a lame scheme to sell downloadable music at a buck a song, hoping that Internet bandits would suddenly decide to become honest and start paying.

Elvis, let us remember, was the kind of guy who used a handgun as a TV remote and who decked out his rec room to look like Col. Kurtz’s jungle compound.

He wasn’t a man for half measures. Which is why I think he’d be right behind the holy war I’m proposing to save the music industry and music lovers from themselves.

I call it the Jukebox Jihad and it works like this.

Record companies should start flooding the Internet with bogus MP3 files that look like songs, but that explode on contact inside the hard drives of Internet thieves. Anyone who illegally downloads an MP3 file via KaZaA or any of the myriad peer-to-peer (i.e. thief-to-thief) services would at best get a corrupted file, and at worst a ruined hard drive.

The companies should band together and enlist a dark force of special-ops hackers to make this happen. Once Net users discover that all they’re downloading is a World Wide Web of pain, only the most determined and technologically savvy of them will continue to steal music.

I used to use Napster. I thought it was great, even though I felt guilty about it. Once it was shut down, and inferior peer-to-peer systems took its place, I stopped downloading "free" music. The hassle factor, not lectures about honesty, made me honest.

That’s why I think the Jukebox Jihad would work. And while the industry is using this big stick, it should also offer a carrot to soothe the angry hordes. It should lower the price of CDs, at least for a few months, and have instant-win contests where you could win $1,000 or more on the spot. Make record-buying fun again.

Oh, I know something like the Jukebox Jihad is already happening. There have been attempts, not official or on-the-record, to flood the Net with Trojan MP3s. But it’s half-hearted at best. It needs to get a lot bigger and more organized to be effective.

The get-tough approach worked with smoking, which is now all but illegal everywhere. It can work with song stealing, too.

Elvis, are you with the Jukebox Jihad?

Plot 2: Get a makeover - Ben Rayner

To suggest a solution to the music industry’s ills presupposes that we want and need to save it.

In truth, I’m not personally given to intense "smash the music industry" sentiment because I have dozens of friends and acquaintances who owe their livelihoods to it. Many of them are musicians, but just as many are managers, booking agents, producers, publishers, promoters, publicists, A&R reps, distributors, indie-label entrepreneurs and the like — the numerous behind-the-scenes figures who help bring an artist’s music to his or her audience.

Of that lot, however, the musicians are frequently the worst off. They’re the ones working two crap jobs, skipping meals to pay for studio time, braving treacherous Canadian highways during the dead of winter, sleeping in vans and in strange cities and generally living at the mercy of the capricious industry constructed around their music. Some of them are lucky enough to make a living at their art. Some of them have ditched the business altogether out of frustration.
This group, like the record-buying public at large, tends to be of mixed feelings about the recording industry’s current woes. And for that reason, the industry should ask itself why so many people view its plight in ambivalent, if not openly hostile, terms.

Between the CD price-fixing settlements, the career-crippling recording contracts and the constant onslaught of vacuous, disposable music geared to short-term profits rather than the exposure of deserving performers, it’s often hard to feel sorry for a multimillion-dollar business moaning about a few less bucks in its pockets lost to file-sharing and CD-burning.

When record execs fret that "technology has advanced faster than the industry’s ability to control it," the average consumer shrugs, says "So what?” and downloads the new Radiohead album from Kazaa, anyway. They’ve made buckets of money off us already, and besides, isn’t that label just a cog in a multinational conglomerate with liquor and weapons-manufacturing interests to fall back on? Surely it all evens out in the end.

All of this is a roundabout way of saying that if the recording industry wants to pull itself out of freefall, it should first address its image problem.

Lectures on the evils of piracy like the one National Academy of Recording Arts and Sciences president Michael Greene delivered at the 2002 Grammy Awards only hurt the cause, but letting actual musicians speak out about the earnings they stand to lose — a simple concept recently adopted by CRIA in its new "Value of Music” educational campaign — is a step in the right direction. It means more coming from people who actually make music, see?

The industry must nevertheless also content itself with conducting business on a more modest scale, painful though the process might be. No one needs to spend in excess of $40 million on a record, as Sony did with Michael Jackson’s 2001 flop, Invincible, for instance, when the White Stripes can muster a hit record for $10,000.

The major-label side of things is, arguably, more bloated and extravagant than it needs to be, and the recent groundswell of protest amongst successful musicians from Don Henley to Courtney Love over recording-contract practices suggests little of the fat is trickling down to the people upon whom the industry is founded.

Independent labels, meanwhile, survive on a fraction of the bureaucracy and lavish expense-account living enjoyed by the majors, and generally treat their artists more generously.

As long as the stereotype of the cigar-chomping record exec living large off the backs of undercompensated, indentured musicians and consumers left with no music-purchase options other than $25 CDs persists, it’s going to be tough to muster much public sympathy.

**Plot 3: Touch that dial - Betsy Powell**

Mainstream radio sucks. In Toronto anyway.

If the music industry wants to turn its fortunes around, it should start there.

In a perfect world I’d scan the tuner and hear the droning riffs of the Dandy Warhols followed by a taste of Super Furry Animals and capped by Primal Scream or Steve Earle.

Instead, it’s Avril ... Avril ... and more Avril.

Is it any wonder radio’s influence on the music-buying public has plunged lower than Christina Aguilera’s hipster jeans? If I were a record seller, I’d lay heaps of blame on radio, which used to be 80 per cent of the reason people bought music. That makes sense. Way back when, when I was a kid in the ‘burbs, I’d compile my own pop charts and must-buy lists culled from listening to radio.

Today, that figure is closer to 20 per cent, insiders say.
"Web radio is for you, then," one record executive suggested. Sure, and I do listen to London, England’s awesome X-FM when I’m near a computer, but that’s no good at the gym or in a car.

And while I know many, if not most, young people are exposed to new, innovative sounds by downloading tracks from the Internet, many of us at a more advanced age don’t make the time, not to mention lacking the know-how to burn.

What I don’t share with other oldsters is a willingness to settle for the cobwebbed "classics" on Q107, Céline’s simpering high notes on light FM stations or the third (fourth?) generation grunge passing for quality rock.

Why is radio so appallingly tedious, homogeneous, unadventurous and predictable?

Blame advertising. It’s naïve to think otherwise, but commercial radio’s sole purpose is to sell ads — it’s not about spreading the word about undiscovered artists. And selling things, I’m told, is about repetition. And sticking to "safe" formulas. That means playing Avril Lavigne or Shania Twain four times an hour. Doesn’t leave a lot of airtime for new or innovative artists.

This is why, in a typical year, almost none of the music that comprises most North American critics’ Top10 lists can actually be heard on the radio.

As a business model, this formula succeeds. Ratings are up because people like listening to Avril. They buy her CD, a fact I can’t argue, though there’s a school of thought that people would buy "Happy Birthday" if they heard it enough — a syndrome I once experienced after "Barbie Girl" started growing on me after spending hours following Aqua on a promotional tour.

I digress.

So playlists, regardless of the format and audience, are narrow, which is wonderful for artists in the top five percentile of sales and crummy for the bottom 90 who can’t get arrested.

It’s like that same record executive said: Radio is to us what HBO is to mainstream television. It’s an alternative to *Friends*, "and unfortunately our radio stations just want to play *Friends.*"

There is some respite from the monotony — CBC Radio’s *Brave New Waves* and *Definitely Not The Opera* — which is where I first heard the wonderful Weakerthans recently and immediately bought their platter.

Maybe the Buggles had it wrong. It wasn’t video that killed the radio star; radio did.

**Plot 4: Lose the lottery - Vit Wagner**

In the music industry triangle that connects consumers, artists and labels, consumers have long flattered themselves in thinking that the strongest link in the chain is the one that binds them to the artists.

Surely they — the devoted fans — possess greater fealty for their favourite bands and singers than can be mustered by some CEO at a multinational corporation for whom the bottom line is all that matters.

This assumption is looking more suspect all the time.

After all, from a musician’s standpoint, what good are fans who don’t want to pay for your music and who display their loyalty by taking your songs and sticking them on a CD with tunes by a bunch of other musicians?

Increasingly, it is the labels and the artists who have the most in common with each other — not only in terms of remuneration but in artistic terms as well. If only the music industry would recognize this.

For too long, the major labels have behaved like a guy who quits his job to play the lottery. Rather than cultivating artists with a demonstrated potential for career longevity, the multinationals pray that the
occasional lucky jackpot will overcome their overall want of acumen.

And they do this in the most predictable ways. You like Norah Jones? Let’s get more where she came from. Of course, if Norah Jones is for real, then there aren’t any more where she came from. But we’ll witness a parade of lesser facsimiles before another instant trend comes along.

A better approach would be to seek out musical genius, promote it and stand by it. No one expects a label to match the early ’70s altruism of Island Records, which stuck by singer/songwriter Nick Drake despite miniscule sales. But the pendulum has swung so dramatically that we now have Reprise dropping a band as reliable as Wilco over one album, Yankee Hotel Foxtrot. Never mind that Wilco’s previous album had a solid commercial impact.

Imagine Columbia dropping Bob Dylan after Self Portrait, his poorly received album of 1970. Few individual Dylan albums have been commercial blockbusters but I’ll wager he’s made some money for Columbia/Sony over the past 40 years.

In an ever-fracturing marketplace, this is not a recipe for survival.

It doesn’t make for a healthy artistic environment, either. Instead, it encourages the release of albums with one or two potential hits and a lot of filler, giving consumers another reason to download rather than purchase music.

The continuing viability of the album — a collection of songs sequenced by the artist — would benefit both industry executives and musicians. Sure, the depletion of revenues brought by Internet pilfering is the main issue. But it’s also a fair bet that Radiohead — a major-label band that has managed to sell without selling out — didn’t sweat its artistic soul over the forthcoming Hail To The Thief for the privilege of having its songs wedged between Coldplay and Elbow on a mix tape.

Making its business model more artist-oriented won’t bring an overnight halt to the music industry’s decline. But it could have a stabilizing effect in the long term.

When it comes to making and marketing music, you can do worse than have the musicians on your side.

**Plot 5: Know your audience - Peter Goddard**

Forget downloading.

It’s not technology killing the recording industry. Technology has always forced the industry to veer off in a direction against its will, a teeth-gnashing state of affairs going at least back to the late ’30s when radio — remember radio? — determined who and/or what got played where and/or when.

The moaning heard then across the industry was about as loud as the moaning heard these days, with only one difference: It was in mono then. Now it’s in surround sound and on video — remember video? It only feels worse now. But it’s not.

Forget greed, too.

Greed goes with the turf. It’s got a certain amount of chutzpah we’ve come to love. (Okay, accept.) The industry got extra greedy with the CD. It knew it was flogging old stuff in a tarted-up new format. It knew that when everyone had up-tech’d her/his entire Elvis collection (Costello, Presley, The Flying Elvises, whatever) that would be the end. Pure greed, this.

Record business folks now say they hate the CD. (Bad CD, bad!) What they really love are the mostly-music DVDs and the "enhanced" CD. Won’t these people ever get help?

The real problem is fear. The industry actually fears its audience, all those downloading slacker scum who won’t buy hugely overpriced CDs. In some cases, this fear has morphed into something else: hate.

Talk to enough record people these days — you know, those former rebels who hung with Bowie — and
you can hear a bit of hate in their voices. They hate that they can’t control these listeners. The industry looks and sounds more like a police force than a cultural force.

Labels were once known for the company they kept — the audiences they developed along with the artists’ careers. The first rupture came with a blockbuster mentality about 20 years ago when entire audiences — jazz and classical listeners for starters — were deemed irrelevant or marginal.

As it turns out, the classical and jazz crowds — older people somewhat, likely better educated — were the very ones likely to be loyal to the industry. They were the collectors. They identified certain acts with certain labels. They actually had a feel for what the industry was up to.

By turfing them, the industry — and its artists — have been left with the great unknown mob of consumers whose patterns of listening are an utter mystery, whose loyalty is suspect and whose developing musical tastes are impossible to understand let alone shape for all of the earlier reasons.

The industry needs to reconnect with its audience, young and old. Maybe if it knew who was out there, it would know how to sell it something.

No wonder there’s an air of desperation in the "keep music coming" radio and TV campaign for the scary-sounding Canadian Value of Music Coalition, a wing (and a prayer?) of the Canadian Recording Industry Association.

The only question is: Who’s left out there to listen to the plea?

Additional articles by Peter Goddard