

Ahead of the curve

That the business is changing cannot be denied but opinions differ on the rate of that change. DAN DALEY says it's time to think ahead, prepare and take advantage of the situation because others will.

THE WHOLE POINT of this particular piece of real estate in this publication is to spend some time thinking about the business of what producers and engineers do. It's pretty much all I've focused on in the last decade, and I have to honestly say that I've sometimes felt like a voice in the wilderness.

But I have noted, and gratefully so, a much higher level of awareness about business in general among producers, engineers, mixers, remixer and DJs in the last year. Good, because business is about to get even more interesting.

It may vary region by region — and the UK had pretty good record sales in 2002, compared to some other countries — but overall, the industry is down double digits for the second year in row — at least in terms of legitimate units moved. This mainly because the world's largest record market, the US, continues to tank. There are any number of reasons for this ongoing decline in record sales — the IFPI and RIAA blame downloading, music aficionados blame the major labels's lack of quality products to excite listeners. But the bottom line is that the decline in the music industry is accelerating changes in the business of being an audio professional. That rubric was already being mugged by the proliferation of home recording, and its impact on commercial studio revenues and the rates that professionals can charge for their services doesn't need to be rehashed here.

But I was particularly taken by how, at the Grammy Producers Soundtable event, sponsored by NARAS's Producers and Engineers Wing at the Winter NAMM Show in Anaheim in January, the talk went so quickly from technology to business, and it didn't take much in the way of leading questions to get it there. (Just the mere fact that a professional audio association was holding an event at NAMM — the US equivalent of Musik Messe — was telling of change.) In addition, the level of vituperation and frustration with how the corporatisation of music has led the industry into the biggest slump since the Great Disco Disaster of 1980 was also plainly evident.

The panel, which consisted of The Matrix team comprised of Lauren Christy, Scot Spock and Graham Edwards; remixer BT; pioneering engineer/producer Bob Ezrin, producer of Pink Floyd's classic *The Wall*; producer/musician John Shanks (Sheryl Crow); and composer/producer Mike Elizondo, started off the two-hour panel routinely enough, discussing what Adelson called 'the process of production' — part technology, part psychology, part intuition. But the focus quickly shifted.

As Lauren Christy pointed out, the process has changed thanks to technology. 'You're not doing demos anymore; you just start with the record,'

she said. That statement, concisely encapsulating how the record-making process has evolved in the last 20 years, opened the floodgates for comment and observation about the state of the larger economics and bureaucracy of the business, a landscape weighted by mergers among major labels that have left many feeling that share price, not music, is the primary concern. 'You no longer get the luxury of a couple of records to develop an artist,' complained John Shanks. 'You have to come out swinging every time.'

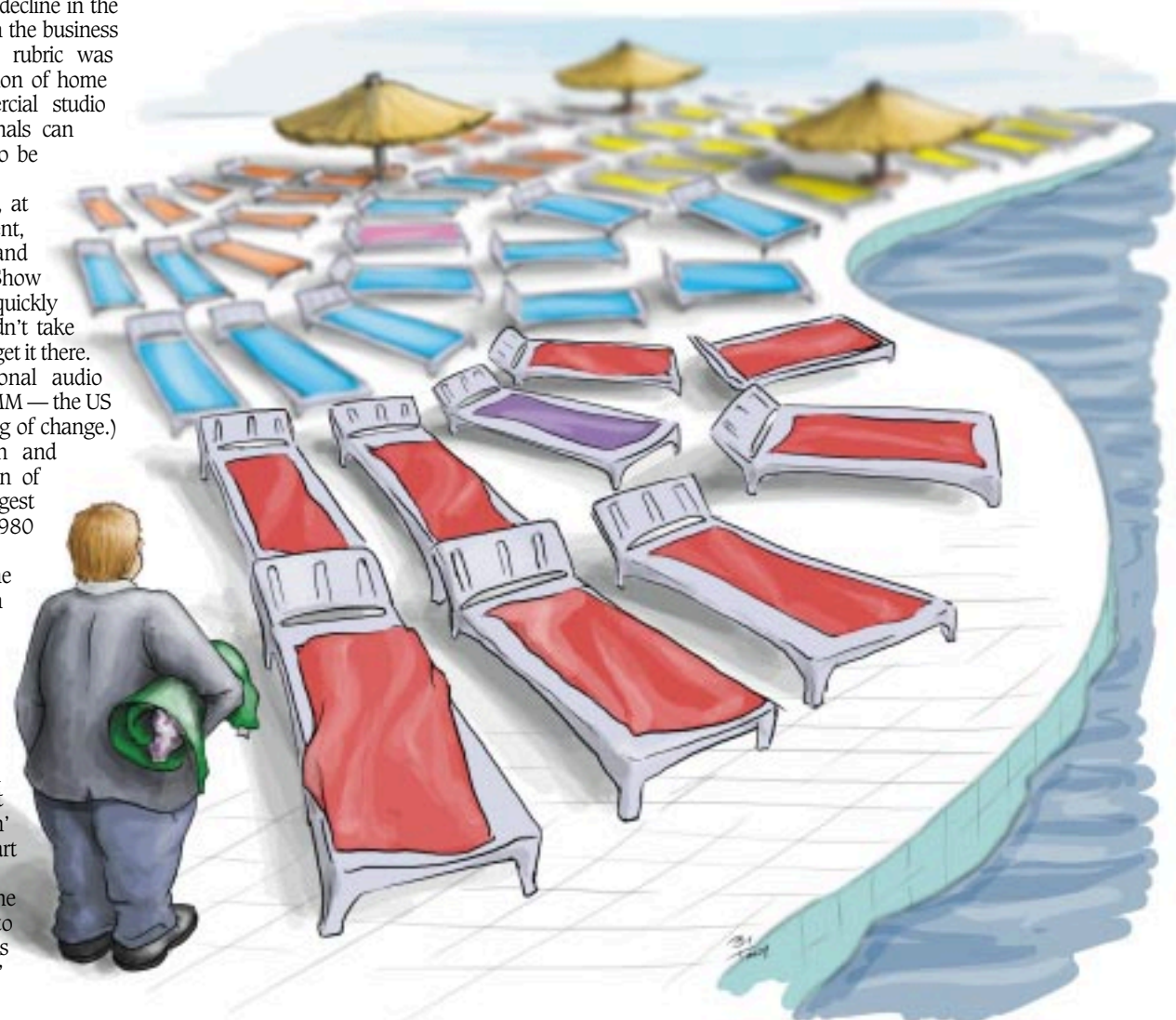
Ezrin analogised the record industry in its current state as a 'titanium box', unable to adapt to a changing world. 'The record industry has to do what other industries have always done, which is to re-examine their product and make some changes to the product itself.'

That those sentiments were widely shared by the nearly 200 audience members was evidenced by the spontaneous round of applause that followed Remixer

BT's observation that 'I can get a \$20 DVD with a movie and lots of extra features on it, or I can get 12 songs on an NSync CD for the same \$20.'

Other topics also supported the fact that many audio professionals are now as aware of business issues as they are of technology. Several panelists complained about how records get onto the Internet and are then pirated even before they hit retail, and agreed that at times the leaks can come from within the studio itself. That problem has led producers to regard themselves as 'policemen' of the music, as Adelson put it, monitoring the movement of every reference copy made, either by what one panelist referred to as enthusiastic but naive seconds or by less-than-responsible artists and band members.

In the digital age, every reference CD is a potential bootleg master. In fact, while each producer brought a snippet of an upcoming or recently released track to play on the forum, Ezrin declined to bring a track from an upcoming Jane's Addiction record he had been



working on, citing the fact that 'I have to follow my own rules' about potentially compromising the security of unreleased recordings.

The level of sophistication about the business of recording and producing music has grown significantly. That it took a global recession, a tanked music industry and getting bitten in the shorts by the same digital technology we have so revered for the last two decades is immaterial. Awareness, the yogi will tell you, is the first step towards enlightenment.

Based on looking over the evolving music market for the last year or so, there are some business trends emerging that will be useful to bear in mind as you continue to plot your career. First, the influence of major labels is waning and will probably continue to do so, not only in their sales numbers but also in their willingness to capitalise new productions. Besides their conglomerated corporate revenue situations, the music distribution paradigm is moving further into on-line territory, and that tends to be a song-at-a-time scenario, and one with lower unit revenues.

As the back end of the business — where the revenues have always been in recorded music — gets dicier, labels will look to monetise the front end, such as film and commercial music placement, which brings synch fees up front. They will also look to leverage their existing catalogues more aggressively, reducing the assets they'll allocate to creating new music.

Producers who can help the remaining major labels (as well as music publishers) to do this will be helping themselves. Things to think about there include developing contacts at independent film companies and at advertising agencies. Be prepared to become the broker for some of the music you produce.

At the same time, the independent record industry

is still growing and the number of artists is increasing. In the US, independent release are the second-largest aggregate music distribution entity, behind only Universal/Vivendi. (And if the prediction in the previous paragraph comes to fruition — as I write this Vivendi are in the midst of trying to placate media baron Barry Diller and sell off their entertainment assets — they could soon be the largest.)

Increasingly, I find producers forming their own record labels, a trend that will make for a dense market but a boatload of opportunities. It might be time to put the pursuit of the major-label deal on the shelf and look to regional and local development of artists, recorded in your own studio, and ultimately distributed through alternative channels, whether it's at the artists's gigs or through the Internet or whatever. The huge amount of money that once flowed from corporate music spigots is not likely to be seen again anytime soon. Adjust your expectations to the new scale of the industry.

Specialise. A few folks tried exactly that based on surround mixing over the last few years, and few of them made much of living from it. But there are other avenues. For instance, DVD has become one of music's few growth areas. Music producers are good sources for authoring companies to look to for new developmental projects. It's not a bad idea to become somewhat familiar with the mechanics of authoring, such as menu and navigation creation. You don't need to become an authorist yourself, but you'll better know what to look for and bring to the table.

In the end, it's all about acknowledging that the business of music is changing, and in the process changing the economics of music production. Try to stay a little ahead of the curve. It's scary out there, but you'll be able see a little further down the road. ■

- **Think about your own label**
- **Think about local/smaller niche markets**
- **Think differently about distribution**
- **Think about skills/technology that could broaden your appeal**
- **Think about making some advertising and 'picture' contacts**
- **Think about DVD for music**
- **Think about it sooner rather than later**

