

πThe Industry, the Band and the Community

8th AustralAsian Music Business Conference
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The music industry is a forever-hungry beast some would say driven purely by greed. With huge profits to be made by monetising music, there's never enough product and the business is always in search of more. In today's economic and cultural climate we are witnessing the death and subsequent rebirth of that business. It's in a state of change and trying to predict its future is a hot topic from all sides of the fence. One of the most telling episodes of this throughout the 8th Australasian music business conference was the admission by an ex Chief Operating Officer of Sony/BMG that his generation (think 80's, PolyGram) was the one responsible for making music a commodity, driving the value OUT of it and consequently we now have to "*make it special again, make it unique*". It was a poignant admission and coming from the first keynote speaker set the pace with more to come.

A good conference of any sort is driven by a whirlwind of ideas and discussion exploring its zeitgeist and this year's AMBC was no exception. With 48 speakers, (including 3 keynote) over three full days and with around 500 attendees it was a demanding but stimulating event. Each morning started with a keynote speaker followed by a panel and then broke off into more panels during and after lunch. The three keynote speakers were **Michael Smellie** (President of Media Development, Asia Pacific for German media giant Bertelsmann), **John Watson** (President of Eleven Music) and **Bob Lefsetz** (Author of the "Lefsetz Letter"). They alone made the conference worth attending, each presenting well thought out strategies and advice linked to deep-seated areas of concern and change in and for today's music industry culture. They each hovered loosely around three head areas covering the Industry, the Band and the Community.

The convenor of the conference, **Phil Tripp** bounced around in colourful shirts with headset telling everybody what to and not to do, convening and at times chairing panels. He made sure we had apples and mandarins to munch on and at times cracked a well-pointed, irreverent joke (particularly when it came to Apple(s)). The panels themselves had their moments and included a half hour question time at the end of each session, which for the amount of information covered wasn't enough. Many questions went unanswered and with too many to cover in this article, I will instead focus on the highlights of each keynote speaker, which I hope fuels thought on the "now" and the "future" culture of our Australasian music industry.

For a full list of Topics & Panels got to:
<http://www.immedia.com.au/ambc/daily.php>

The full list of speakers can also be found online at:
<http://www.immedia.com.au/ambc/speakers.php>

THE INDUSTRY (the music MDs, CEOs & chairpeople)

Day 1, Keynote speaker: Michael Smellie. President of Media Development, Asia Pacific for German media giant Bertelsmann and most recently Chief Operating Officer for the global music giant Sony/BMG based in New York. Michael Smellie is optimistic about the future. He has a vision where music is once again valued, with the biggest risk to the industry being a failure to develop leadership, maintaining the status quo, not driving change and remaining focused on survival. Future issues as he sees them for the industry were presented as 5 key principles and included:

1) It (the business) is too focused on technology and not enough on the music. This was echoed throughout the conference with the other two keynote speakers emphasizing the importance of musicians having good songs or good music above anything else.

2) It (the business) should focus more on getting to know its customers and in doing so spend more time and money on the process. He suggests also that the online environment offers fantastic opportunities to fill the gap between record companies and the consumer.

3) The economics of the music business have entirely changed and should be looked at it as an amalgamation of niches, particularly in the digital environment. The business should focus on developing small niche markets which are very defined and target a very specific demographic of the population.

4) The music business is basically the same as it was 20 years ago but the world has changed significantly. It needs to create an environment where it can try and fail a lot of different things and learn from the experience. It needs radical solutions and must be prepared in its attempts to experiment, to win, loose or draw. As Michael put it, *"If you don't cannibalize your own business, someone else will"*.

5) Adhere to the KISS principle (*keep it simple stupid*) when it comes to business contracts. If you start off with a complicated, unreadable one it works it's way through the whole process. The music business has to address this issue if it's to move on.

Michael's further advice from the floor was that we needed to focus on and develop an Australasian music CULTURE. We should be pulling together to grow our industry rather than the current climate where most people are still very insular, and most key players subscribe to the *"what's in it for me"* approach. The industry's greatest challenge is a lack of leadership, a lack of people with vision who are prepared to take personal risks. Remember the Danger Vs Opportunity principle, leave the ego at home and work to build an Australasian music culture.

THE BAND (the Artists & Managers)

Day 2, Keynote speaker: John Watson. President of major indie Eleven Music. John Watson is the owner and President of both John Watson Management and the successful indie label, Eleven: a music company.

If you're in a band, how do you get the snowball rolling? How do you get the right package together and then how do you establish momentum once you have it? John Watson (think Silverchair, Wolfmother, Missy Higgins, Little Birdy, Paul Mac and The Dissociatives) talked about 8 ingredients to consider when getting that package together. Some of them may seem obvious but as a whole they pulled together.

1 & 2) **Timing & Luck.** Luck is where preparedness meets opportunity. Be in the right place at the right time and with a bit of luck you can go a long way. Michael gave the example of the rise of Silverchair in Australia around the time of Nirvana's rise in the USA.

3) **The Song.** Basically have great songs, it's what everybody wants.

4) **Vocal performance.** It's the first thing everybody listens to and must be good.

5) **Instrumental Performance.** It's a bit over rated. Has to be good but keep it in perspective.

6) **Visual image.** It has to be strong. Be conscious of ways to be interesting visually and work on it. Be aware that today music is largely seen.

7) **The story or Narrative.** Have a back-story to what you're on about. Have a narrative about your life that makes a difference and can spark an interest.

8) **Attitude (& Motivation).** You can have success with a bad attitude but you won't maintain it. You have to have a good work ethic.

Identify your strengths and weaknesses and if you've got 6 out of 8 you've really got something.

So, if you can do that, how do you establish momentum once you have the package? The business of music is about the perception of momentum. It needs to be invisible for it to work effectively and everybody has to believe you're on a roll. Remember the saying, *"it couldn't have been better if you'd planned it"*. In reality if it all seems preconceived people will see it.

Generally speaking it's about heightening what's already there (think Elvis the Pelvis), grabbing opportunities, building an online community, performing, and establishing a fan base and working on it. There's much more to it than just sending out demo tapes and you have to do this yourself by finding the right

community for your music. Fundamentally artists and managers have to work together by steering their own project.

Further advice from the Panel included:

- It's all about the SONG.
- It's a very small industry so be true to your word and don't stab anyone in the back.
- Follow your instincts and have some humility. There are always better musicians out there than you.
- Have some integrity and consider your wellbeing. Everyone is looking to you so don't get totally lost in work.
- Put lots of energy into honing and working your craft.
- Always ask, "Is this a temptation or an opportunity" and don't make rash decisions, particularly when it comes to Record Companies.
- Don't try and sell anything before you've developed value in it as a product.
- Put yourself in a position of power. Don't sell too early.
- Do some Vision Casting. Think, "Where do I want to be, when".

THE COMMUNITY (Networking Music Communities & Tastemakers)

Day 3, Keynote speaker: Bob Lefsetz. Author of "The Lefsetz Letter".

Bob's insights are fueled by his stint as an entertainment business attorney, majordomo of Sanctuary Music's American division and consultancies to major labels. "The Lefsetz Letter" has been publishing for the past 20 years. First as hard copy, most recently as an email newsletter and now, for the first time, in blog form.

Bob Lefsetz is what you might call a speed talker so it's no wonder he's in high demand with the amount of information that comes out of his mouth in any one minute. He's also irreverent, opinionated and describes the music business as a sleazy thing, "*kind of like a little zit on the end of the entertainment business*". Here is a rough transcript of what came out as a summation of "**where we were and where we are today**".

Go directly to the people and if you're good you'll reach them. I am the customer, the label is no longer the customer and the labels are in deep shit. How? The music business we've got right now is based on the Beatles. Prior to them it was a Singles world. The Beatles came into such mania you had to buy their albums. Their sixth album "Rubber Soul" released in December 1965 was the first one to come out in America with no singles on it. It was a complete transition in the business; you had to buy the whole album. Then there was Woodstock and between 300 and 600 thousand people showed up. Back then music was a passion, a religion. The Woodstock generation lived through music. In the early 70's all the bands sounded different. If you can find a connection between Yes and Jethro Tull you're a fuck'n idiot because you can't. The bands all sounded

completely different and they we're gargantuan.

So there is this incredible scene and let me tell you how it all imploded. The DJs (think Lee Abrams, FM radio) created what's called the superstars format. It was no longer free format, no longer the DJs playing what they wanted to play but the DJs playing what is getting the best reaction and in the meantime the labels were making a fortune. They started categorizing and creating a sound, which was known as corporate rock. The irony is that corporate rock is now seen as great, that's how bad the music is today. The whole thing imploded and the disco era came in and it was rescued by MTV. Whatever we knew in the late 60's and 70's did not prepare us for the 80's. In the late 60's and 70's the record companies were making more money than the film companies and all the conglomerates, lawyers bought into record companies (eg: Electro Records, Atlantic Records). And then in 1981 we saw the launch of MTV and suddenly artists like Duran Duran, through the power of television, became one of the biggest acts in the world. If we talk about the video era it will rocket you to the moon instantly but it will take you back down just as quickly.

Moving on slightly, the money was flowing in to the record companies and then came NAPSTER. Suddenly with Napster you could get all the music you wanted and you didn't have to pay for it. Importantly the record labels didn't know what was going on. Napster launched at the end of 1999 and it was not until January 2000 that the stories started coming out. How many people were downloading on Napster by then? The major labels said, "We decide who's good, we only want top 40 because that's what we can sell, we want the artists to look good so they can go on MTV, we're going to get them on television and we're going to sell their Cds at an inflated price and you (the public) are going to have to buy them so that we can sustain our incredible lifestyles". What we've seen over the last seven years is the labels being blown away by this paradigm.

The LABELS controlled DISTRIBUTION; this is the most important thing. It's funny now because you can't get paid for music at all on some level but that was the monopoly the major labels held. You couldn't be an indie because if you we're an indie and you had a hit you went out of business because you couldn't distribute it because you had to make a deal with a major label to do that.

So where does this leave us. We are all familiar with the P2P culture. Let's make it clear with my own philosophy, "PEOPLE should PAY for MUSIC" BUT at least let them get it the way they want to get it, what the INTERNET affords. But the labels hate this and their solution was to charge \$1 per track to get the casual user to buy tracks. This is the way it is and it doesn't matter what the major labels say. iTunes now is an incredible failure. They're a joke because the labels want to charge too much for the mp3. Where does that leave us today? It starts with the musician, which is exactly the opposite of the way it used to be. Your customer is your fan; you want to build a fan base and if you do that people will come to you. This is what's going on in the UK at this point. All the major labels are doing these unbelievable deals with cash and short term licensing because

they want the billing; they want to feed their distribution pipeline. So first start with your music, you have to be good and then people will find you. You have to have a fan base and the fan base is not the music industry, it's the customers. First and foremost your music has to be FREE. Put your songs up on MySpace and give them away. The hardest thing is to get somebody to listen to your music. Don't make it difficult, it's crazy. You have to know where in the food chain to charge. Don't charge in the beginning, wait till they are complete fans and they'll give you all their money.

So you're making the music, who are the other people in the food chain? It used to be the label but now it's the manager, the manager is the most important person in the game right now. You need an agent and they will find you if you are good. You do not need an act that is polished to the end, professionals can hear through that; they know what's good. The most important relationship is YOU and the FAN and you can constantly feed your fans information through your website (or MySpace). Give them information. It's completely topsy-turvy from the way it used to be. It used to be the star was here; the fan was here. Now we're all in it together. It's been a huge cultural change. When you're an act you want to have a relationship with your fan like you're an equal. Have a website that's constantly feeding them information, lyrics, a daily blog, where your going because they're coming back multiple times a day for more information. The key is to try and relate that experience and build around that to grow your act. You want longevity, that means a slow build and you don't sell out. Be clear how it works with advertising. The middleman gets paid! The manager, the label gets paid. Is it good for you? Is it good for the act? If you're doing broadcasting on television to reach everybody you're missing most of the audience. Most people don't care; you're just pissing off the core audience. And finally, going back to charging for music. If you're an act, have a CD. Even if you don't believe in CDs your fans will want to buy one. Not to listen to but as a badge of honor. Will we ultimately get to a point where people will pay for music again? Yes, but it's taking a much longer time then ever before. The major labels, will they survive? Yes, but in a different way as they've lost their strength and hold on distribution.

End

This year's AMBC brought a lot of questions to the surface, particularly for musicians in bands, managers and everyone out there trying to make a buck out of music. The future is unpredictable. With advances in technology and the increasingly popular iPod, is the CD going the way of vinyl, heralding the digital-mp3 as the format of popular listening choice? And if that's the case what does it say about contemporary listening habits and the future of audio fidelity? If what Bob Lefsetz says above about CDs, paying for music and the major labels is accurate then we are in a state of flux, which is better for many than the current status quo.

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