

# INVESTING IN MUSIC

HOW MUSIC COMPANIES DISCOVER, DEVELOP & PROMOTE TALENT



Front Cover:

Photographer credits

Little Boots Daniel Sannwald

Mark Ronson David Hughes

Deadmau5 Spiro Politis

Coldplay Kevin Tachman

Jamie Cullum Deborah Anderson

# CONTENTS

- 4** Introduction
- 5** Executive Summary
- 6** Section 1: The Circle of Investment
- 10** Section 2: Discovering and Nurturing Talent
- 16** Section 3: Putting the Release Together
- 20** Section 4: Marketing and Promotion
- 27** A Broad Range of Artists
- 30** Recorded and Live Music

Left:  
Deutsche Grammophon  
artist *Anna Netrebko*'s  
classical music is being  
brought to new audiences.  
*Esther Haase/DG*

# INTRODUCTION

BY JOHN KENNEDY & ALISON WENHAM

We have been fortunate to have had long careers in the music industry. Over different career paths, we have worked with great artists and great record labels, and witnessed first hand the unique combination of talent and teamwork that best reflects the music business.

Today, we head organisations that together represent virtually all the record companies in the world. These range from the largest international major, with a roster of thousands of acts, to the smallest indie with a roster of one or two. They differ enormously, in scale, in genres and in the cultural and commercial approaches to what they do. But they have a fundamental mission in common. They invest in artists, help develop careers in music and bring great talent to an audience it deserves.

One of the biggest myths about the digital age is that artists no longer need record labels. The internet allows them to reach their public directly, the myth goes. Live music and other revenue sources, like merchandising and advertising, will do the rest.

Yet the reality is in fact completely different. A very small minority of artists, mostly well known, established acts, are achieving success through this DIY route – they deserve good luck. But the vast majority are not. The truth is that artists are generally much better served by a record deal. They want the funding and the specialist support that indie and major record labels provide.

Put another way, whilst the direct route afforded by the internet is open to all, mixing the talents of business and creativity is often a minefield, with creativity often compromised

by the challenges of running a business, which requires totally different skills. Artists generally prefer to leave the complex administration of a rights based business to someone else.

A few years into the digital revolution, it has now become clear that the internet is by itself no guaranteed route to commercial success. MySpace has more than 2.5 registered million hip hop acts, 1.8 million rock acts, 720,000 pop acts, and 470,000 punk acts. The gulf between acclaim and anonymity, where record labels do their essential work, has never been greater than today.

Investment in music covers many diverse areas. There is the belief and the support in the artist; the expertise to plot a road to success; and the money, provided upfront, and always at great risk, that is needed to allow an artist to create their work. There is the choosing of the songs and the recording work in the studio. Artwork is needed and videos may be needed. There are manufacturing and distribution costs, both for online and CDs. Marketing teams campaign, in one market or several. Hundreds of digital channels and outlets are created and serviced. All this takes money, time, people, knowledge and skills. These are some of the essential qualities of record companies as long term investors in music.

This report captures the real life story of how the record company-artist relationship works. It digs deeper than before into how the music industry invests its revenues. It shows our industry's huge "ripple effect" through the economy. And it debunks one big myth – that artists can easily build a sustainable and successful career in music without the help and support of a record label.



*Above:  
John Kennedy,  
Chairman of IFPI  
& Alison Wenham,  
Chairman of  
AIM/WIN,  
representing  
record companies  
worldwide.*



# INVESTING IN MUSIC

## EXECUTIVE SUMMARY

---

This report outlines the role of record companies as the principal investors in music and talent. It shows how they contribute to the work and the livelihoods of artists, as well as to the wider music sector and to the economy as a whole. Much of this contribution takes the form of financial investment. Much of it also comes in the creative processes, in the human collaboration and in the unique expertise that record labels bring to help make artists successful, build their brand, and enable them to earn a living from music. Record companies add value to artists at every stage of their career. This report highlights these stages, using interviews and case studies from different countries.

Record companies do their business in a virtuous circle of investment by which successful collaboration with existing artists generates the revenues to invest in the artists of the future. This is what enables companies to sustain large active rosters of artists and provide advances to a wide community of artists, many of whom will not be commercially successful.

The facts and figures shown in this report reflect the critical role played by record labels in the success of artists. Music companies internationally invest around US\$5 billion annually in developing and marketing artists – around 30 per cent of their turnover. This is an exceptional level of spending in comparison to the proportionate research and development spending of other industries. Commercial success is expensive: it can take US\$1 million in investment to break a new act in major markets, with marketing and promotion needed across a range of channels.

The report also shows the role of the traditional music industry changing, as what have traditionally been called “record companies”, develop into broader “music companies”, working with artists in more diverse ways than ever before. Recording contracts typically commit artists and labels to work together to produce a series of works. Artists benefit from heavy upfront investment that would be difficult to secure elsewhere, enabling not only direct revenues from a recording career but also the brand value that creates revenues in many other ways. There are many examples of how this long term approach has helped artists increase their sales as their careers have progressed. Increasingly, labels and artists sign deals that see greater and broader upfront investment than in the past, in exchange for a share of revenue streams across a wider range of products such as live music, brand partnerships and merchandising.

The internet has radically changed the life of a record label. Yet this report fundamentally challenges the misconception that the digital era has diminished the importance of music companies. In an age where there are more than 2.5 million hip hop artists and 1.8 million rock acts registered on MySpace, discovery, development, collaboration, marketing and promotion from music companies are more crucial than they ever were.

*Investing in Music* is about how the music business works. It explains the work, collaboration and value that music companies bring in helping artists realise a talent that would typically go unrecognised and to get to an audience they would not otherwise reach. Much of the value brought by music companies is invisible to the outside world. Yet it is their investment that allows artists to make a career from music and which, in turn, creates an enormous ripple effect throughout the wider music sector and the economy.

# SECTION 1:

## THE CIRCLE OF INVESTMENT

- More than 4,000 artists on major companies' global rosters alone
- Tens of thousands more on independent labels
- One in four is a new signing
- US\$5 billion invested in talent
- Two million jobs in the broader music industry
- Broader music economy valued at US\$160 billion

**The core mission of record companies is investing in music. No other party can lay claim to a comparable role in the music sector. No other party comes close to the levels of investment committed by record companies to developing, nurturing and promoting talent.**

Record companies are the largest investors in artists' careers. They also play a critical role in bringing artists to an audience, be it niche, a national fan-base or a vast international public. They are hubs of creative and commercial collaboration, using their skills and resources to bring maximum value to the work of the artists on their rosters.

### A roster of thousands

Investing in music begins with record labels funding the work and the livelihood of artists. Leading international music companies have artist rosters ranging from several hundred to more than 2,000 acts, while there are thousands of smaller independent labels with rosters ranging from a handful to over a hundred acts. Major companies alone have an active roster of more than 4,000 acts, with tens of thousands more on independent labels worldwide. All labels are continuously investing in new signings and renewing agreements with existing acts.

New signings, leading to new releases, are the lifeblood of record companies. Based on data received from its members, IFPI estimates that one in four of all the artists on a typical international record company's roster were signed in the previous 12 months. Continually investing in new talent is a hugely risky business, as only a minority of the artists developed will be commercially successful in a highly competitive market.

Estimates of the success ratio vary between one in five and one in ten. Achieving commercial hits is the basis of the “circle of investment”, by which music companies plough back the revenues generated by successful campaigns to develop new talent and help fund the next generation of artists.

The investment by music companies is also a foundation stone for artists to build a long-term career, develop their own brand identity and earn a living from numerous different sources, from live recording to merchandise and sponsorship.

### Funding talent

The scale of the proportion of revenue invested in music by record companies is far greater than comparable investments made by other industries. Music companies internationally are estimated to invest around 16 per cent of their total revenues in artists and repertoire (A&R) discovery, much of this money comprising advances to artists. On top of that, an estimated further 13 per cent of revenue is spent on marketing artists. It is therefore estimated that the music industry spends in the region of 30 per cent of its total revenue discovering, developing and promoting talent. That is the equivalent of around US\$5 billion a year worldwide. This excludes payment of royalties to featured artists. In some countries, the levels of investment are considerably higher. In the UK, a 2007 study estimated music companies invested more than 23 per cent of their revenues in A&R. This was proportionately higher than the 16 per cent of five years earlier in 2002, showing that, in the UK, music companies have, until now, proportionately sustained their investment in artists despite the significant fall-off in overall sales revenue during that period.

*Right:  
Record companies  
investment helps  
bring artists such  
as Katy Perry to  
a wide audience.  
Mike Ruiz*







*Investment in  
a broad range  
of acts:*

*Top row:  
Beyoncé  
Peter Lindbergh*

*Imelda May  
Sean Gardiner*

*Middle row:  
Kasabian  
Hamish Brown*

*Tokio Hotel  
Oliver Gast*

*Paramore  
OGATA  
(saitoogata)*

*Bottom row:  
Coldplay  
Kevin Tachman*



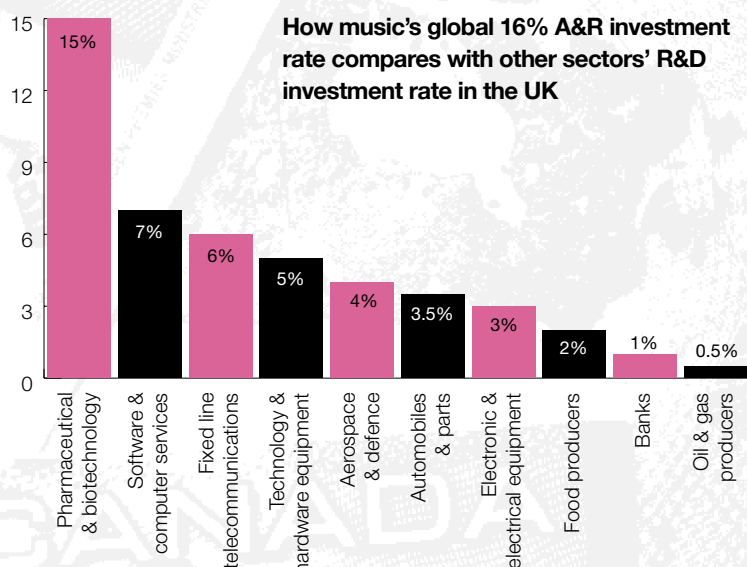


The pressure on A&R spending today, however, is under greater pressure than ever from the impact of illegal file-sharing and other forms of piracy. In France, industry data shows record companies investing 12 per cent of their turnover in marketing artists in 2009, a proportion that fell from 15 per cent in 2006 under pressure from reduced revenues, attributed to a large extent to illegal file-sharing.

Music is an investment-intensive business. This is clear when comparing music companies' gross investment in A&R to the spending on research and development (R&D) by other industries. Very few sectors have a comparable proportion of sales to R&D investment to the music industry. In the US, the average corporate R&D proportion to sales turnover is 4.4 per cent. Even industries considered research intensive, such as motor manufacturing, generally invest less than 10 per cent of their turnover in R&D. The pharmaceutical and biotechnology industry, widely acknowledged as a leader in research, invests 15 per cent of its gross revenues in R&D (BIS R&D Scoreboard, 2008).

Discovering, developing and promoting talent can be extremely expensive. These are the major costs and investments shouldered by music companies, yet they are largely invisible to the consumer. The only visible elements, by contrast, are in the distribution of music – the packaged CD or the

delivery of a downloaded or streamed track – and these represent a small share of the overall cost of bringing recorded music to the public. As a result, the digital era has not substantially reduced record companies' costs of doing business. Indeed, the fragmentation of distribution across many different physical and digital channels has often brought extra costs, particularly in servicing hundreds of formats and distribution partners across online and mobile channels. In addition, there are other important "invisible" costs – for example, sales tax, which averages 18 per cent of the retail price in Europe – and the retailer's mark-up, which will differ from one physical or digital store to another.



Source: UK Department of Business Innovation and Skills  
R&D expenditure as a proportion of sales by sector in the UK850 (2003 – 2007)

## The investment in a newly-signed artist

The investment made by music companies will vary widely from one artist to another. A typical example of the breakdown of the costs of breaking a new pop act in major markets is set out below. This illustrates the very substantial costs involved in developing an artist.

### ARTIST X

#### Typical example of a new pop act

Advance .....	US\$200,000
Recording .....	US\$200,000
3 videos .....	US\$200,000
Tour support .....	US\$100,000
Promotion and marketing ....	US\$300,000
<b>TOTAL .....</b>	<b>US\$1,000,000</b>

A separate case, involving a more established pop artist saw much greater levels of expenditure.

### ARTIST Y

#### Typical example of a superstar

Advance .....	US\$1,500,000
Recording .....	US\$400,000
3 videos .....	US\$450,000
Marketing and promotion ..	US\$2,300,000
<b>TOTAL .....</b>	<b>US\$4,650,000</b>

## INVESTING IN MUSIC



### The funding of talent – how it breaks down

Broadly, the music industry invests in music in a few principal forms. They include:

#### ■ Payment of advances to the artist

Competition between record labels to sign an artist can be intense, and market forces can drive advances to some new artists as high as US\$1.5 million. Advances paid at any level are a crucial investment in the creative work, allowing the artist to concentrate on writing, rehearsing, recording and performing music. Advances are recoupable from an artist's sales, but not recouped if sales do not reach certain levels. Thus it is the record company that bears the risk of the investment.

#### ■ Financing of recording costs

Recording costs can vary widely depending on the genre of the artist and the type of producer used to work on an album. Employing a top producer can drive this cost above US\$45,000 per track. Hiring large numbers of session musicians or an orchestra can also drive up the budget. In this way, investment in recordings benefits a wide community of musicians and technicians.

#### ■ Production of videos

Video costs can range widely. Some of the most expensive can involve days of filming and editing and cost around US\$1 million. In one recent example for a campaign to launch an album in the UK, each of the first three videos ranged in cost from £30,000 to £130,000.

#### ■ Tour support

New artists in particular need to be heavily supported by record companies. The level of tour support required is highly dependent on the nature of the artist. Typically, rock acts require heavier investment in tour support than pop acts, while artists who require a backing band or orchestra could receive up to US\$450,000 in tour support.

#### ■ Marketing and promotion

These are often the biggest budget items for a record label taking an act to the public. Marketing builds the brand identity from which artists can earn money from numerous sources, such as live touring to merchandise. Record companies often work with broadcasters, news media and specialist advertising and PR companies who also benefit from this investment. The budget for such campaigns can run to more than US\$2.3 million to promote superstars.

#### ■ Royalties

Payment of royalties is usually based on a percentage of the dealer price, or licensed or synchronised income revenue streams. Teams in music companies are responsible for tracking, collecting and distributing royalties to featured performers, producers and copyright owners. Revenue distribution has grown more complex as the number of distribution channels has soared in the last decade from simply physical retailers to a range of digital services, from download stores to streaming subscription services. There are around 400 different digital music services globally and a range of new revenue streams and partners, including technology firms, mobile operators, ISPs and handset makers.

*Top left:*  
**Hedley**  
Matt Barnes

*Above:*  
**A reformed Blur.**  
Pennie Smith





## INVESTING IN MUSIC

Above:  
*Epic Records'*  
*Scouting For Girls.*  
James Looker

Top right:  
*Rosenstolz*  
Mike Auerbach

### Powering a wider economy

Music companies not only help to finance the careers of recording artists; they also drive a far wider music economy, bringing jobs, trade and cultural benefits.

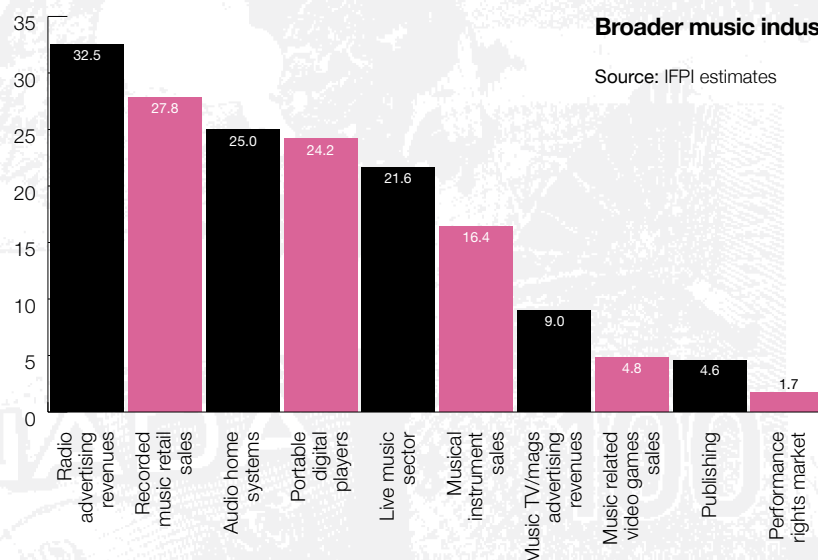
This "ripple effect" helps generate a massive sector estimated to be worth around US\$160 billion. IFPI estimates that more than two million people are employed globally in this broad music economy, which includes the music retail sector worth more than US\$25.8 billion, radio advertising worth US\$28.7 billion, publishing worth US\$9.8 billion and an audio equipment industry worth around US\$15 billion.

In practical terms, record labels' investment touches an enormously broad music community. They directly purchase services from songwriters, music publishers, recording studios, video directors, PR and advertising firms. They buy advertising space on television and radio station, in newspapers and magazines and from outdoor advertising companies. In such a way, the impact of recorded music companies' investment is felt across the media and technology industries.

Their investment indirectly benefits online and physical music retailers, concert venues, live music promoters, ISPs, music listening device manufacturers and those who use recorded music to attract and retain customers, from nightclubs to retailers.

"There is a beneficial ripple effect from recorded music across the economy, from the High Street to the live sector. It all starts in the A&R department of a record label."

**Paul McGuinness, Manager of U2**





# SECTION 2:

## DISCOVERING AND NURTURING TALENT

---

“The internet is not a great tool for randomly discovering artists. It is good at cutting out some of the legwork.”

**Nick Gatfield, EMI**

**Discovering and nurturing talent is a core function of a music company and a good A&R team is often the jewel in its crown. Such teams combine many qualities – youth with experience, measured evaluation with raw instinct, musical expertise with relationship management.**

A&R professionals seek out talented artists that have the ability to forge a career in music. Many of the industry's senior A&R personnel are former artists and songwriters. There is a vast field of artistic talent for them to consider. MySpace alone had more than 2.5 million hip hop and 1.8 million rock acts registered in May 2009.

The digital age has brought changes to the A&R world, but the job is a far cry from simply going online to hunt for talent. Nick Gatfield, EMI's president of new music, North America and UK & Ireland, is a former member of the band Dexy's Midnight Runners. In a previous role at Island Records UK, he oversaw the signing and career of artists such as multi-Platinum selling Amy Winehouse. He says: “The internet is not a great tool for randomly discovering artists. It is good at cutting out some of the legwork. You can hear a buzz about an artist and check out their website or MySpace page before you make the trip to see them and ensure they are worth the mileage.”

For Mike Smith, managing director of Columbia Records, who signed one of the UK's biggest acts of 2009, The Ting Tings, there is no single template for discovering great artists. “A talent scout in Manchester tipped us off and one of our A&R people was listening to their track on MySpace when I overheard it. We agreed the song was brilliant and the band looked striking. We went up to see their gigs and loved them.”

A&R executives can also spot potential stars in more unusual places. In Spain, Dani Carbonell, the rumba, reggae and blues star and front man of Macaco, was discovered by EMI Spain a decade ago performing on Barcelona's famous Las Ramblas boulevard. Today, his success with the band has made him one of the best known artists in Spain and his latest album *Puerto Presente* has been a hit in several countries.

Music companies are not just looking for artists with raw talent, but people who have a vision of how they want their career to progress. They are also looking out for stamina, charisma and resilience. In Mexico, Alex Enriquez is the manager of Latin Grammy award-winning Mexican synth-pop band Belanova, who signed to Virus Records in 2002. He says many artists do not appreciate all the aspects a music company considers beyond the ability to sing or play when signing an act. He adds: "Being famous is not easy. It's a huge career and many artists when they arrive at the top risk losing their way."

*Right:*  
*Dani Carbonell*  
*frontman of*  
*Macaco was*  
*discovered*  
*by EMI Spain*  
*a decade ago.*  
*Carlos Rojals*



## Genres of acts on MySpace

<b>Hip hop</b> 2,539,664	<b>Crunk</b> 480,106	<b>Latin</b> 256,704
<b>Rap</b> 2,404,495	<b>Punk</b> 468,836	<b>Reggaeton</b> 254,581
<b>Rock</b> 1,802,763	<b>Hardcore</b> 449,625	<b>Emo</b> 247,223
<b>R&amp;B</b> 1,583,259	<b>Electronica</b> 413,824	<b>Jazz</b> 226,050
<b>Other</b> 1,078,764	<b>Techno</b> 335,662	<b>Blues</b> 213,245
<b>Alternative</b> 862,300	<b>2-Step</b> 318,824	<b>Classic rock</b> 208,629
<b>Acoustic</b> 742,087	<b>Reggae</b> 314,315	<b>House</b> 207,113
<b>Pop</b> 723,426	<b>Electro</b> 286,438	<b>Soul</b> 209,417
<b>Experimental</b> 614,484	<b>Death metal</b> 280,645	<b>Funk</b> 199,997
<b>Metal</b> 11,365	<b>Club</b> 263,841	<b>Folk</b> 193,049
<b>Indie</b> 561,080	<b>Country</b> 262,590	

\*Correct as of 5th May 2009

\*\*Some acts may register under more than one genre





Successful A&R is about identifying that elusive "star quality". Ged Doherty is chairman and chief executive of Sony Music UK and Ireland, whose roster includes British rock band Kasabian. He says: "When we signed them they had just one great song, no drummer and no manager. But I looked into Tom Meighan's eyes and knew he was a star. I could tell from Serge Pizzorno's song he had what it takes to be a great songwriter. We went through several drummers, two managers and sent a person on tour with them to advise them on how to put together a great live performance."

## Signing a deal

Labels are deluged with music from artists aspiring to the elusive 'record deal'. Artists may now send MP3 files rather than demo tapes to a label's A&R team, but the art of sifting through the vast field of talent remains the same. This is true from the largest international music company to smaller independent labels. Chris Goss, head of Hospital Records, an independent drum and bass specialist whose roster includes artists London Elektricity and Cyantific, estimates that only around one in 250 tracks he gets sent ultimately grabs his attention and warrants further investigation, but once he hears a track he likes he opens a dialogue with the artist extremely quickly.

Most artists ambitious for success want a record deal. For most, it is a huge stepping-stone towards a career in music and attracting a wider audience. In Canada, Carly McKillip, who with her sister Britt makes up the country music duo One More Girl, signed to EMI, says: "When you go with major label representation, people do sit up and take notice, and take you more seriously. We're brand new and the label brings credibility."

"We're brand new and the label brings credibility." **Carly McKillip, One More Girl**

Martin Mills, chairman of Beggars Group, says: "A record label provides a peer context. Artists want to sign to us because we've worked with some great names. Fans and media know that anyone we work with will be of a certain quality. When you sign to a record label you tap into a network of relationships that have been built up over the years. You can't just step out of MySpace and talk to retailers or concert promoters. You can leverage the relationships a record company has built up."

The artist-music company relationship is a negotiated partnership sealed in the recording contract. The deals being put together today are fast-changing, with music companies offering more input and investment across various elements of an artists' career in exchange for a share of a variety of revenue streams. Music companies often ask for artists to commit to producing several albums as part of a recording agreement. Labels see this as a fair return for the substantial investment that they make in the marketing and branding of artists, benefits which are sustained long into a performer's career. There are many examples of how this long term approach has helped artists increase their sales from album to album. Artists such as Jason Mraz, Amy Winehouse, Kenny Chesney and Snow Patrol have benefited from the commitment of a multi-album deal as their fanbases grew.

"You can't just step out of MySpace and talk to retailers or concert promoters." **Martin Mills, Beggars Group**





Above left to right:

*One More Girl*  
were provided  
with established  
artists to work  
with by EMI.  
Margaret  
Malandrucolo

*More diverse  
partnerships are  
being struck with  
artists such as  
Canadian DJ  
Deadmau5.  
Spiros Politis*

*The Ting Tings*  
were signed by  
Columbia Records.  
Matt Irwin

*DJ Stéphane  
Pompougnac  
works in a diverse  
partnership with  
label Pschent.  
Sébastien Dolidon  
Stylist: Flora Zoutu*

## HOW LABELS ADD VALUE FOR THEIR ARTISTS: A FRENCH TALE

In France, independent label Pschent has worked in a diverse partnership for ten years with DJ Stéphane Pompougnac. Label head Eric Hauville recounts where it began. "Ten years ago a stranger walked into my office and said: 'Here I am – I'm a DJ at the Hôtel Costes. I'm playing music every evening and clients never stop asking me to make a CD'". The idea struck a chord: there was nothing new about a compilation album linked to a particular location – the best example being the album by Café del Mar in Ibiza. But a compilation from a hotel-restaurant in France was a novel idea.

"Having an integrated recording studio has enabled us to provide exactly the services they need." **Eric Hauville, Pschent**

Pschent immediately saw the opportunity and worked with Stéphane on all aspects of his work. This included convincing a sceptical distribution company to be a partner, and creating a particular image for the artist - an expensive process, with each visual costing around €20,000. Pschent then collaborated on his choice of titles, got the necessary legal authorisation from rights holders, and paid for the mixing and mastering. A marketing plan helped make the compilation a worldwide hit, with more than four million albums sold.

The Pschent success story has continued. The label worked with Stéphane on two subsequent album releases, providing him with recording studios, editing services and tour support. Having an integrated recording studio has enabled us to provide exactly the services they need," says Hauville.





*An Australian success story – Eskimo Joe.  
Adrian Mesko*



*Christophe Mae and Warner Music have a partnership deal based on diverse revenue streams.  
Bernard Benant*



*Working between albums – EMI helped produce Iron Maiden's full documentary.  
John Murtrie*



Per Sundin, managing director of Universal Music Sweden, says: "To sign an artist is a rather long process. We discuss with the artist, their managers and advisors about how to move forward. Because it is a big investment not only in money, but in time, devotion and energy, when we sign a new artist everything must correspond and be right."

The role of an A&R executive is not simply to discover talent, but also to help successful artists develop their career. According to Columbia's Mike Smith, "all great talent needs to reinvent itself, to show progression and growth. Those acts with longevity produce work that stands the test of time and build a solid audience that buys music."

Many acts are reinventing themselves many years after partnering with a label. In the UK, Pet Shop Boys in 2009 released their Top 10 album Yes, 24 years after first signing with Parlophone Records. American band Green Day is topping charts worldwide 15 years after joining Reprise Records.

Artists can make big changes of direction during their careers. In Germany, independent label Four Music's Volker Mietke points to Clueso, who signed to the label as a rapper and is now a singer-songwriter. He says: "We believed in him as an artist and this has been well and truly confirmed. It shows that quality wins through."

Some artists make the transition into business partnerships and executive roles. Jay-Z, P Diddy, Snoop Dogg and Rick Rubin are just some of the artists that have made such a transition in recent years.

Long-term relationships with artists are key to music companies. Martin Mills is chairman of Beggars Group, which helped develop Adele, who signed with the label when she was still a teenager. "We teamed her up with producers such as Jim Abbiss to put together her debut album 19 which topped the charts in the UK, went Top 10 in the US and won her a Grammy Award."

Nina Persson is the lead singer and lyricist of Swedish band The Cardigans, who have had a string of hit albums in Sweden and worldwide since the early 1990s, as well as of A Camp. "I don't have to tell them my ideas all the time. I trust their instincts and they know what I'm not going to be comfortable with."

### Labels and artists: shared fortunes

Music companies are working in a highly competitive marketplace. For every artist that is commercially successful, most are not. Yet when they sign artists, the only goal of record labels is to have a big hit.

In the UK, Simon Gavin is head of A&M Records, the label behind Duffy, Dan Black, The Courteeners and new signing Alex Gardner. He says that the fortunes of artist and record label are interwoven. "The idea is that you grow the label and you invest in new artists, and you try to do what we've done with Duffy. We are a small label, so although we're backed by a major we can't sign 10 acts and see if only two work. Everyone we sign has to do something. If it weren't for the success of Duffy, I wouldn't have been able to sign Alex Gardner and he has every bit the potential she did."

One of A&M's successful acts is the Manchester band The Courteeners. The band's Liam Fray says the label "have helped me and the band to build a brilliant recording career – without their strategic assistance, A&R expertise, marketing prowess and general willingness to work hard I'm not sure where our band would be at this stage."

Ed St John, president and chief executive of Warner Music Australia, says: "While Australia has a very vibrant A&R culture, and lots of records get made and released, it would be fair to say that few of them make money for the artist and the music company. Very few albums exceed Platinum sales of 70,000 copies."

One Australian success story is rock band Eskimo Joe, who joined the Warner roster when

it acquired independent label Festival Records. The band had built a career in Australia following the release of their debut album *Girl* in 2001, topping the charts twice with subsequent albums and paving the way for international exposure, with tours in Europe and South East Asia after the release of *Inshalla* earlier in 2009.

"Acts with longevity produce work that stands the test of time and build a solid audience that buys music."

**Mike Smith, Columbia Records**

St John says: "It's always interesting when you more or less inherit an act from an acquired label. There can be an atmosphere of uneasiness because you didn't really choose to be with each other, but that never happened with Eskimo Joe. We saw them as a key asset of the label and there was never any question that we would give them our full support." The appreciation is mutual. "Everyone at the record company is very supportive; they are fans of the band, and they go out of their way to make it all happen," says the band's manager Cath Haridy.

"The idea that you can do no work between an artist's albums is a myth," says Nick Gatfield. "You have to work constantly to engage an artist's audience. You are always looking for branding and merchandising opportunities. We're helping Katy Perry build her profile outside her music work. We also work on artists' visual images, whether that be through a webisode on their social networking page or even, as recently with Iron Maiden, a full-blown film documentary."

There is a cliché in the industry about the 'difficult second album', but there is an element of truth in the expression. Gatfield says: "It is true you have a lifetime to write your first album and six months to write your second. With all artists, we resist the pressure to ask them to make their second album sound like their first, successful, release. We need to ensure artists have the space to grow and develop their sound."





## CASE STUDY OF A BROAD RIGHTS DEAL: LITTLE BOOTS

Warner Music and UK artist Little Boots have an expanded rights relationship which means the company has worked closely with the artist and her management across all areas of her career.

This approach has helped Little Boots maintain unbroken communication with her fan base and build her profile internationally over the course of two years.

A&R experts worked with Little Boots on her debut album *Hands*. This included introducing her to producers such as Greg Kurstin and putting her in-studio in Los Angeles. Her label was also able to introduce her to artists such as Phillip Oakey, who performed a duet with her on the track *Symmetry*.

The music company has built on her grassroots support and brought her to a mainstream audience. Investment in her live show helped accelerate her star status and build her into a major festival act.

Specialist teams at Warner worked to develop and distribute merchandise and create a limited edition range of products. A global social network was also created to enable her fans to view exclusive content and shop in a fully integrated store providing exclusive merchandise and product offerings.

There were also brand partnerships to bring Little Boots to a new audience. Warner negotiated deals with Nokia Comes With Music, Skate Almighty, Nixon headphones and Smirnoff vodka.

Little Boots has enjoyed massive success over the last year, with *Hands* hitting the Top 5 in the UK and securing a place in the Top 20 European albums chart.

*Little Boots*  
Daniel Sannwald

## Going it alone?

Artist-label relations can have ups and downs. Most label executives see this as integral to the creative nature of the business. Relationships that break down tend to grab headlines, whereas a far greater number survive and thrive away from the glare of publicity.

Recent years have seen a lot of debate about established artists parting ways with their record labels. In fact this has happened for decades, with some established artists, who have developed a fan base after years of support, choosing to progress their careers in an alternative way. Industry insiders are almost unanimous in their views on this phenomenon. They agree that while some established artists can go it alone, perhaps through predominantly generating revenues through live performance, unsigned and developing acts generally need the upfront financial support of a music company and the marketing and promotional muscle it can bring to the table to establish their profile.

In the US, Simon Renshaw has managed the Dixie Chicks, Clay Aiken and Miranda Lambert. He says: "The live industry is doing great, but without the recording industry to develop new artists and build new talent, that live industry in ten years' time could look radically different. Today, it's healthy because there's a bunch of people in their 50s and early 60s that are coming out and doing shows and charging a lot of money to other people who are in their 50s and early 60s." For Columbia, Mike Smith says label heads are happy to compete in a world where artists may decide a record deal is not for them. "If a new act could raise £1 million and spend it very, very wisely they might just make it, but I wouldn't bank on it."

Beyond the local market, few acts break borders and become great international stars. Could an artist build an international career without the support of a music company? "You could try," says Matthieu Lauriot-Prevost, head of international marketing for Warner Music. "But even today you'll still need to produce, distribute and sell physical and digital product worldwide, some of it in tough, developing markets. These are the basics of building a career in music, but they are still vital and you'll only really stand a chance with a dedicated team to support you."

"The live industry is doing great, but without the recording industry to develop new artists...that live industry in ten years' time could look radically different." **Simon Renshaw, Artist Manager**

## New broader rights deals

Broad rights or "360 degree" deals are increasingly widespread. The terms of these agreements commit music companies to greater investment across a range of artists' activities in return for a proportion of the revenue stream from all of them. This diverse investment benefits an artist's longevity and means there is not the same pressure on an artist to go into the recording studio in order to recoup their heavy investment costs.

This form of non-traditional licensing income is becoming an increasingly important revenue channel for music companies. In the UK, income from non-traditional rights and licensing deals has now reached over £200 million a year, 18 per cent of all industry income in 2008.

Broad rights deals with artists take different forms. One example is the deal struck between the French acoustic pop singer Christophe Mae and Warner Music that has seen both share in the revenues from the sale of 1.5 million albums, 750,000 concert tickets and a range of merchandise in a revenue-sharing partnership.

Nick Gatfield of EMI cites the company's partnership with Canadian DJ DeadMau5 as another example of a new, broader partnership. "We don't offer services where we have no expertise, but we've built up teams that specialise in synch deals, brand partnerships and merchandising, which are all growth areas."



## SECTION 3:

# PUTTING THE RELEASE TOGETHER

---

“We say there’s a fantastic track struggling to get out of this – let us help you refine it.”

**Chris Goss, Hospital Records**

The last decade has seen new technology develop, allowing artists to record their work at home. But it is the recording studio that brings a team of professionals who can help them polish their music to perfection. Studio producers can work with artists to arrange their music in the most effective way, mixing can add effects to a recorded track and mastering can enhance the overall sound quality of an album or song.

Music companies play a key role in the recording of albums and singles. Professional studio production costs vary widely, but for a pop or rock album, they commonly exceed US\$200,000. This investment underpins the livelihoods of a community of professionals working on a recording including studio producers, sound engineers and session musicians.

Chris Goss, of UK indie Hospital Records, says the studio process of creating a hit single is collaborative with his artists. “The essence of the track may be original and exciting, but perhaps the arrangement is all wrong. Certain factors come into play with drum and bass tracks – how they flow, what kind of intro they have, how long the main body of the track is. They need to be corralled into something that is commercially viable for us to release. We say there’s a fantastic track struggling to get out of this – let us help you to refine it.”

Other executives sometimes adopt a more hands-off approach to the detail of recording. Simon Gavin from A&M Records explains: “We A&R the artist and the manager, but we don’t always A&R the record. We want to allow the artist as much creative control as possible.”



Some artists value such an approach. The New Cities are a synth-pop band signed to Sony Music Canada. They had a Top 10 hit with their debut single *Dead End Countdown*. Lead singer David Brown says the record label never interfered in the creative process: "We have kept writing the music we wanted."

### Assembling great talent

The expertise in the production stages can be the key to the success of the finished album. In Mexico, when the synth-pop band Belanova recorded their album *Dulce Beat*, producer Cachorro Lopez advised on the arrangements they had included in their demo. Their manager Alex Enriquez says: "He removed a lot of the sounds and turned up the volume of the singing. The result was incredible. He really knew how to work with singer Denisse Guerrero's voice."

Partnering with other performers is a great way to enhance an artist's work. Labels often facilitate this process. Anne Murray, the Grammy-winning star signed to EMI Music Canada, has sold more than 54 million albums to date. EMI, Murray and her manager Bruce Allen arranged performances with artists including Shania Twain and Nelly Furtado for *Anne Murray Duets: Friends and Legends*. The album went double-Platinum in Canada and Platinum in the US.

There is a myth that sound quality no longer matters in the digital age. On the contrary, label heads say it is a huge issue. Chris Goss says: "Tracks might sound entirely different on a PC, an iPod or in a club. You have to tick all the boxes and find a way that it will sound fantastic on a portable player through cheap headphones, but also sound phat on a system in a club. It drives the track's success if it is played in a DJ club set."

*Right: Even with great new acts like Lady Gaga, it takes three hit singles before the album begins to get traction.*

Aaron Fallon





## WORKING WITH THE PRODUCER: MOUSSE T

In Germany, the Ivor Novello award-winning songwriter, producer and artist Mousse T is perhaps best known internationally for his European wide hits *Horny* and *Is it 'Cos I'm Cool* and for his collaboration with industry veteran Tom Jones on *Sex Bomb*. He says: "A producer's job is similar to that of a film director. You need to develop the vision very early and bring together all the components for realising it."

In 2009, Mousse T wrote the song *All Nite Long*, released by indie label Ministry of Sound, and decided that British singer Suzie Furlonger would make an excellent vocalist because of her flexible voice and forceful personality. He used complex harmony and doubling techniques to lay the track, with Furlonger singing the same passages using different intonations that could be blended together. This gave the track an urban feel, which he then modified by adding recordings of brass and strings as well as a combination of drums and computer beats to create the completed track.

Mousse T explains this process took considerable planning, which involved booking orchestras and session musicians to create the final effect he was looking for. He believes the hallmark of a good producer is to be able to combine creativity, planning, ability to work with artists and a distinctive hallmark that gives him a recognition value.

Top left:  
*The New Cities* had complete artistic freedom when recording *Lost In City Lights*.  
Sony Music

Above:  
Mexican synth-pop band *Belanova*, managed by Alex Enriquez.  
Toni Francois

Top right:  
Anne Murray  
Monic Richard





“Artists love all their tracks – but they don’t always know which should be used to build a singles campaign.”

**Ged Doherty, Sony Music**

### Choosing the singles

The marketing and promotional push around singles can still be crucial to an artist’s success. Digital single sales have, to date, outstripped digital album sales, while activity on streaming and subscription services is centred on well publicised commercial hits.

Ged Doherty at Sony Music says artists often value advice on which tracks would be the most effective singles to release. “Artists love all their tracks – they are all their babies – but they don’t always know which should be used to build a singles campaign.

“For example, when we worked on Natasha Bedingfield’s *Unwritten* album, we knew we needed the first single to distinguish her from her brother, showcase her more edgy side and introduce her to dance music fans and we felt we had that with *Single*; the second to broaden her audience and the third to be her mainstream crossover anthem which we felt we had in *Unwritten*. Because we didn’t feel we had the track that fitted the criteria for the second single, she went back to the studio and wrote *These Words*, which became a number one hit love song all about the difficulty of writing a hit love song.”

Record labels can also work with artists to find and select songs to record. In some cases, these may be freshly commissioned tracks written by songwriters and offered by music publishers. In other cases, these may be previously recorded and performed songs that an artist will release as a “cover version”, bringing their own qualities to a track.

Once the singles are selected, labels and artists work together to create videos to promote them. Again, labels offer commercial advice to artists to help them secure maximum exposure. Ed St John of Warner Music Australia says that Eskimo Joe had total creative freedom when writing *Black Fingernails*, *Red Wine*, but there were “frank discussions” about a supporting video. “They wanted to make a commercial, crossover album. The partnership worked seamlessly, but they wanted to make an arty video and we explained we needed something that could get played on TV.”

# SECTION 4:

# MARKETING AND PROMOTION

---

“To reach the public, music needs to be known; it needs to be available to buy and it needs to be talked about.”

**David Guetta**

**Extraordinary talent is a pre-requisite for a commercially successful artist or band. Yet even for the most talented act, there is another factor that determines whether they will achieve acclaim or anonymity – and that is marketing.**

David Guetta, the French DJ and artist, signed to EMI says: “What I know is how to make music, but that is not enough. To reach the public, music needs to be known; it needs to be available to buy and it needs to be talked about.”

In the world of MySpace and YouTube, it has never been easier for artists to get their own work online – but there has never been more competition from other acts seeking to get their music heard. Record labels act as a filter; signposting the public through marketing campaigns to artists that they know will likely perform quality music.

In Sweden, The Cardigans and A Camp lead singer Nina Persson says that one of the major reasons for signing and remaining with a label is their marketing and promotional muscle. “They have all the resources and contacts needed to get my albums out and tell people to go and get it. They have people there who understand how to present me and my music in a way that’s right, and since I don’t have their infrastructure I’m happy to be helped with these things.”

Per Sundin of Universal Sweden adds: “Many think they can manage without marketing, but nothing could be more wrong. With the vast selection of music you have today, you must have a strategy to succeed, you must invest time and money and you must be daring.”



## Marketing – a significant investment

Marketing artists is expensive as well as strategic. Ged Doherty estimates it costs more than £1 million (US\$1.5 m) to break a pop act and over £700,000 (US\$1 m) to break a rock act in the UK alone. For example, launching the Mark Ronson album *Version* cost more than £870,000 (US\$1.3 m) in total. "With pop acts you spend more money on videos and visual effects. With rock acts it's more about touring support and putting out special limited edition versions of their tracks."

Videos are an essential tool for reaching music fans through services such as YouTube and social networking sites as well as specialist TV channels. Videos are expensive to film and produce. A series of three professionally shot music videos to promote an album might cost around US\$190,000, but could rise to much higher levels. Kanye West's *Stronger* video, shot in 2007, had a reported budget of more than US\$1 million and was filmed on location in Japan over nine days. Many music video directors, such as Spike Jonze and Michel Gondry, have gone on to have careers directing international feature films.

In the digital age, marketing has profoundly changed and music companies have changed with it. Labels take a far more innovative approach in the fierce battle for artists' visibility among often fickle music fans. In Germany, Christopher Gersten is managing director of Universal Music Strategic Marketing. He says digital technology can be used to develop relationships between artists and fans. "We offer a direct line for fans to artists like Tokio Hotel, Rammstein and Rosenstolz. We show them what is happening in-studio or backstage. Such channels are an integral part of the marketing campaign for all our acts."



Left:  
French artist **David Guetta** has worked with a team at EMI to build an international profile.  
Ellen Von Unwerth

The internet is not the be all and end all of marketing. “Just because stuff is on the internet, it doesn’t mean anyone is listening to it. You need to have something to say, to put some emotion into it, and have a team that can help you get your message across effectively,” says Gersten.

In western Canada, Vancouver-based rock band Hedley, signed to Universal Music, is managed by Darren Gilmore of Watchdog Management. He says the label’s marketing and promotional support can help break a band and keep them in the public’s consciousness. “They have tremendous expertise at video, press and marketing that has been totally instrumental in achieving two consecutive double Platinum records.”

In recent years, a new wave of reality TV competitions has drawn huge audiences. Rudy Zerbi, president and managing director of Sony Music Italy, says: “Talent shows generate huge interest in artists and the music business. If the partnership between the television show and the music company works well then they can achieve amazing results, giving a real boost to a young artist’s career.”

There is no doubt that many talented stars have been found through such shows, from Kelly Clarkson in the US to Leona Lewis in the UK, but they are only one way of discovering talent and complement, rather than substitute, the broader range of A&R work undertaken by labels.

At the UK’s Hospital Records, Chris Goss has introduced an award-winning podcast that topped the music charts on iTunes and attracts more than 50,000 downloads per show. The label has introduced a free iPhone application to keep fans up to date with music, videos, events and photos.

## The power of free sampling

Record companies, while facing the massive impact of illegal free music, are also using the power of “free” to draw in fans. Promotional free sampling is now widespread. Yet it should not be confused with unauthorised file-sharing, says Simon Gavin at A&M Records. “We produced 25 tracks for The Courteeners’ album *St Jude* last year precisely so we could give some away for free. But you can’t give everything away for free. The album sold 100,000 copies and we worked out that, given the level of support they could command for live performances, about 200,000 copies are ‘missing’ presumably because people took unlicensed copies from file sharing networks. That’s stopping the band going Platinum, which would be a huge fillip to their career.”

“We produced 25 tracks precisely so we could give some away for free.” **Simon Gavin,  
A&M Records**

Brand partnerships are also used to promote artists’ work. In Spain, EMI worked with National Geographic in a two year process to make Macaco’s *Moving* an anthem for the brand. The resulting video clip featured actors such as Javier Bardem and Javier Camara, international artists Juanes and Juan Luis Guerra, as well as prestigious journalists like Iñaki Gabilondo.





*Above:  
Alison Krauss &  
Robert Plant are  
just two of the  
diverse artists  
on the roster of  
Decca Records.  
Rounder/Decca/  
Pamela Springsteen*

*Left:  
Melody Gardot  
was someone  
whose career could  
be developed  
in Europe.  
Shervin Lainez*

## A BROAD RANGE OF ARTISTS

The recording industry isn't just about building the careers of rock, pop and R&B stars. Specialist labels working with classical and jazz artists are just as adept as their mainstream counterparts in using marketing and promotion through a broad range of channels to reach the maximum possible audience.

Decca Records is one of the labels with the most diverse roster, with its artists ranging from Jamie Cullum to the Scots Dragoon Guards; Robert Plant and Alison Krauss to the Cistercian Monks of Heiligenkreuz Abbey. One of Decca's stars is Melody Gardot, the singer-songwriter from Philadelphia, who last year had two Top 10 albums in France. "When our A&R people came across a recording of hers they flew to Philadelphia straight away," says the label's managing director Dickon Stainer. "We knew that we had real talent on our hands and someone who could build a significant recording career."

**"It takes about US\$1.5 million to break a jazz or classical act internationally."**

**Dickon Stainer, Decca Records**

The label invested heavily in promotional and tour support. "She was someone whose career could be developed in Europe, with performances at Montreux and the London Jazz Festival boosting her profile. We were able to match her up with producer Larry Klein, someone she had real chemistry with, to record her album."

Labels like Decca invest in "niche" areas, but do not lack ambition. "Our mission is to take music that people don't know about and move it into the mainstream," says Stainer. "We can take an act like Imelda May, a rockabilly star, and make her number one in Ireland."

Such ambition does not come cheap. "It takes about US\$1.5 million to break a jazz or classical act internationally," says Stainer.

Music companies are also trying to make classical music more accessible. Christian Kellersmann, managing director of Universal Classics and Jazz in Germany says a new generation of artists, such as Anna Netrebko and Lang Lang, are bringing the music to new audiences, but the importance of recordings is undiminished. "When Anna took over the title role in Verdi's *La Traviata* at the 2005 Salzburg Festival there was initial hype, but she only reached a truly big audience after Deutsche Grammophon released a CD recording of the performance."

## INVESTING IN MUSIC



### Bringing artists to a global audience

If a music company can successfully break an act in their own country, they then try and build the artist an international career. International success is not only the goal of many aspiring artists – it is also vital to the commercial music economy, helping create revenues which are ploughed back in nurturing and developing new acts.

International marketing departments take a global view, helping local labels build artists into global stars, often over a period of many years. Jason Mraz, the San Diego based singer-songwriter, broke through internationally only with his third album. “We signed Jason seven years ago”, says Matthieu Lauriot-Prevost, head of international marketing at Warner Music. “We knew he had the ability to be a global superstar. His first two albums were not global breakthroughs, but we stuck by him because we could see how he was developing as an artist. That belief has now paid off.”

In some markets, Warner has had to put in extra effort to bring Mraz to a broad audience. In Japan, they took advantage of the fact that Mraz is a keen surfer to promote the album through the Japanese Pro-Surfing Association. They also re-recorded a duet sung in English with Colbie Caillat in Spanish with popular Mexican singer Ximena Sariñana to raise his profile in Latin America.

The French artist David Guetta has worked with a team at EMI to build an international profile. The Paris-born DJ has recorded four hit albums and produced tracks for other artists including Black Eyed Peas’ international hit *I Gotta Feeling*. Guetta says: “When you are working on a creative project, you need a team of professionals around you. We created that first of all in France at a local level and then at the international level. If a project is to succeed internationally, then you need a ‘war machine’ to make it work.”

“David was known internationally as a DJ, but our challenge was to help build his career as an artist on a worldwide basis.” **Billy Mann, EMI**

Billy Mann, EMI’s president of new music, international, at EMI, worked with Guetta to help build his international profile. “David was known internationally as a DJ, but our challenge was to help build his career as an artist on a worldwide basis. To do that EMI mobilised our resources, using our global footprint to help him reach out across cultural and geographic barriers.”

Mann’s team also helped Guetta build relationships with other successful artists, such as Kelly Rowland, giving him a European Top 10 hit with their collaboration *When Love Takes Over*. The global priority team in London evangelised about Guetta’s music.

*Top left:  
Rammstein are  
marketed using  
digital technology.  
PR Brown*

*Above:  
Jason Mraz  
Darren Ankenman*





*Above:  
In Italy, Tiziano Ferro  
is one of only a few  
national artists who  
has developed an  
international career.  
Nicolas Guérin*

*Top right:  
Andrea Bocelli  
Giovanni  
de Sandre*

Guetta says: "When you are working as an artist, you have to know what you want to do and what you need to do. When your record label is there to meet those needs, then you can create your story together and over time a deep trust develops and that becomes a real partnership."

Most artists aspire to the biggest possible audience. Not surprisingly, for artists outside the US, it is the American market that most artists most want to conquer. "America is still the big prize. It's the biggest market in the world. But it is very hard to crack," says Lauriot-Prevost. "It takes lots of money and lots of time. You must be prepared to virtually live in the US and work it city by city. The rewards are massive if it works, but the investment in time and money is intense."

Trying to break artists across national and language borders is one of the biggest challenges. In Italy, Tiziano Ferro is one of only a few national artists who have been able to develop an international career. Billy Mann says: "Ferro is an extraordinary singer-songwriter who can write and perform in three languages. He has an incredible work ethic, but he needed support from an international team that could deliver on the ground across Europe and beyond. That's why he's been able to enjoy chart success from Spain to Switzerland, Holland and Mexico."

Andrea Bocelli is an Italian artist who has been able to develop a hugely successful international career, selling more than 60 million copies of his albums to date. There is inevitably a negotiation between different dynamics when companies are trying to bring the work of artists to as wide an international audience as possible. Caterina Caselli, president of Sugar Music Italy, says that her A&R experts who worked with Bocelli had to resist suggestions he sing only in English and be marketed as a second Julio Iglesias to the US market. They explained that Bocelli had to primarily sing in Italian because that is the language in which the culture of his music is entwined.

"The amount of money it takes to launch an international campaign is still very significant."

**Matthieu Lauriot-Prevost,  
Warner Music**

Marketing music in a globalised world deluged with unauthorised file-sharing is not becoming easier. "The amount of money it takes to launch a huge international campaign is still very significant", says Lauriot-Prevost. "But piracy makes it more difficult for the whole industry to sustain that regular investment in breaking talent."

## RECORDED AND LIVE MUSIC

Will the successful artists of tomorrow be sustained by live music alone? Many artists and music company executives do not think so. Despite the contrasting fortunes of the live and recorded music sectors in recent years, they believe recorded music remains the foundation for a successful career.

Nina Persson, lead singer of Sweden's The Cardigans and A Camp, says, "It would be very difficult for me to have made a living just from live music. I would have to travel alone with a guitar and no band or crew to make that work."

**"It would be very difficult for me to have made a living just from live music."**

**Nina Persson**

Live music has boomed, but much more to the benefit of legacy acts than new talent. *Billboard's* list of the 'Top 25 tours of 2009' was headed by U2, grossing US\$312 million. They were followed by Madonna, Bruce Springsteen, AC/DC and Pink, all artists with top selling back catalogues that enable them to fill stadiums with fans.

Paul McGuinness, manager of U2, says: "It is a myth that artists can build long-term careers on live music alone. In its latest tour U2 filled huge stadiums around the world. That is because they have had parallel careers as recording artists and live performers since their inception 30 years ago."

Ged Doherty explains: "An artist usually has to sell their core product – recordings – before they can become well known enough to generate money through the sale of live tickets and merchandise. Maybe in the future artists will be able to launch their careers on live alone, but none have done so to date."

"Live music is not an alternative to a recording career and smart managers know this. To have a vibrant live industry in 10 years' time we need investment in new acts today."

Simon Wheeler, director of strategy at Beggars Group, says artists cannot sustain a successful career through live performance alone. "You can see people who've followed that path in a pub near you every Saturday. Some of them may be very talented, but they've not built a long-term career and reached huge audiences through following the live-only path."



Above:  
Many top performing live acts like U2 have benefited from long recording careers.  
Anton Corbijn





Published by IFPI, March 2010.  
Copyright © IFPI.  
For more information visit [www.ifpi.org](http://www.ifpi.org)

All rights reserved. No part of this  
publication may be reproduced,  
distributed or made available without  
the permission of the copyright owner.

Designed by Band London.  
[www.bandlondon.co.uk](http://www.bandlondon.co.uk)



[www.worldwideindependentnetwork.com](http://www.worldwideindependentnetwork.com)



[www.ifpi.org](http://www.ifpi.org)