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A Road Map For Indies

Immediate Access To Consumers Doesn't Mean Immediate Revenue

BY RICH BENGLOFF

There's more music being made and released than ever before. The barriers to entry are down, the floodgates are open, and anyone who can make music that moves people has a way to get it out to the world.

But of the 105,000 albums released in the United States in 2008, the most recent year for which data is available, fewer than 6,000 titles sold more than 1,000 copies each, according to Nielsen SoundScan.

Of course, there are other channels, such as concert and individual digital-track sales, that aren't included in these tallies. But those sales don't change the fact that greater market access has come at the cost of an avalanche of new music. It's difficult for artists to stand apart from an ever-increasing crowd.

As a SoundExchange board member I know that there are more than 40,000 acts and 5,000-plus labels registered with the performance right organization. According to MySpace, there are more than 5,000 artist pages on its network.

So in theory, enterprising new artists embracing a DIY approach can launch their own careers and break out on their own. But in reality, these statistics suggest most acts going it alone will struggle to reach even a modest living without resorting to the proverbial "day job."

These statistics and the glut of new releases highlight the importance to an artist of aligning with a label. Labels have the experience, infrastructure and industry contacts to promote music and get acts noticed by industry tastemakers and music fans worldwide.

That said, in the independent label community, we've recognized the need to transform business models and to create the label of the next decade by adapting to technology-driven tactics and the aforementioned new consumer demand model.

Today, in addition to our legislative advocacy, commerce and member services functions, education is a top priority at the American Assn. of Independent Music (AAIM), and our detailed plan for the future is a centerpiece. We've met, we've shared ideas, we've tapped the expertise of the full indie community, and we've created a comprehensive road map for the new decade.

We've outlined the importance of creating a robust e-mail database, the value



Greater market access has come at the cost of an avalanche of new music. It's difficult for artists to stand apart from the ever-increasing crowd.

of a thoughtful direct-to-consumer program and the power of technology to help build deep and lasting fan relationships—ones that realize a clear and measurable return on investment in new models.

Embracing this change is no longer optional. Indie labels need to expand their sources of revenue and reduce their expenses—a challenge in the best of times. But by using such techniques as outsourcing noncreative functions to specialized firms like AAIM's associate members, labels can leverage outside expertise to lower costs while sticking to their core mission of creating music that changes lives.

As a new music business emerges, labels will need to continue to evolve and

change to meet these challenges. But we believe the glass is half full, and the AAIM road map not only advocates embracing the new, it explains how to do it. It covers a variety of topics from customized artist contracts to flexible expert staffs, and an aggressive and nontraditional approach to reaching fans and maximizing numerous revenue streams.

How can artists and labels accomplish this? The basics still matter: Listen to your consumer, work smart, analyze your expenses and staff production. But also tailor different products to address market segmentation and utilize traditional "down time" like the period between touring and recording. And don't forget the importance of pursuing synch opportunities and performance royalties instead of giving music away for "promotional opportunities" if there's no well-thought-out end monetization goal from the promotion.

In short, focus on new and nontraditional revenue and profit models. At heart, music always comes first. So for all of us who are passionate about music, moving forward requires learning how to build and maintain a strong bond between artists and labels and their fans.

As we start this new decade, the AAIM "Roadmap for Independent Music Labels," created in conjunction with our colleagues from the World Independent Network, is our prescription for future health and success, created by a community. And it's just one part of an ongoing conversation between peers that educates and enlightens.

We haven't figured out all the answers, but I think we know the right questions to ask. To thrive, all of us in the community must listen and educate. It's more essential than ever to continue this conversation so that we can learn from one another and each add our own creative ingredients during a time of upheaval and change, as we enter the next decade and meet the continuing changes it will bring to our industry.

Rich Bengloff is president of the American Assn. of Independent Music.

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