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Music without labels

Acts known and obscure turn to digital startups

BY SAMANTHA MARSHALL

WHO NEEDS BIG RECORD LABELS?

Not U2 and Jay-Z, who left their companies in the past two weeks to sign on with Live Nation. Madonna, Radiohead and Nine Inch Nails have also voted with their feet. Even emerging acts are joining upstart digital companies in

defiance of the conventional wisdom that the majors are still necessary to sell lots of records.

At a time when any unknown songster can get 3 million views on YouTube at little cost, many artists have become motivated to maintain control of their music and keep more of their income. Small New York-based companies like Nabrr, TuneCore and Music Nation are cashing in on the trend as they help acts big and small scale the charts on the strength of their digital platforms and the viral marketing power of YouTube and MySpace.

"The bottom line is that digital has made the infrastructure of traditional, brick-and-mortar distribution less necessary," says Jeff Price, chief executive of TuneCore, a Brooklyn-based digital distributor that artists including Björk, Keith Richards and Ziggy Marley use to package and sell their music online.

The majors recognize the power of viral marketing. In an attempt to play catch-up, Warner Music Group, Sony BMG Entertainment Group and Universal Music Group formed a joint venture with MySpace two weeks ago to develop a music platform.

Of course, using companies

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BOB BARNES

DOWNLOAD TIME:
"Digital has made
traditional
distribution less
necessary," says Jeff
Price of TuneCore.

Musical acts turn to digital startups

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like Music Nation—a kind of online battle of the bands (*Craigslist*, Dec. 17, 2007)—or social networks to gain traction has its limits when millions of songs are competing for attention on iTunes. Eventually, artists hoping to become more commercial could need the promotional muscle and money of big labels.

"The [digital] system works best for indies to get something started," says Jon Cohen, co-founder of Cornerstone, owner of Fader Label, which promotes and sells records digitally.

But it goes both ways, and big labels looking to rock online are also turning to firms like Nabbr, which has a potential market of more than

36 million users. It makes money through advertising and from fees paid by content owners, which include record companies and artists. The upstart exposes bands to consumers through video links, or widgets, embedded on more than 200 social networking sites.

No radio, no problem

THAT'S HOW pop-punk band We the Kings, which released its debut album last fall on S-Curve Records, hit the top 20 on iTunes, No. 3 on *Billboard's* Top Heatseeker's chart and No. 151 on *Billboard's* Top 200 album chart this year—all without a single spin on radio.

"We laid the groundwork and generated all the excitement

through the Internet," says Steve Greenberg, chief executive of S-Curve and Nabbr, which he

Nabbr has a potential market of 36 million users

launched two years ago.

For acts that choose to avoid labels—and keep all their revenue—upstart TuneCore provides what

they need. For a \$38 fee, the service will prep a music file into the right format to sell it at online stores, including iTunes and AmazonMP3.

Folk guitarist William Fitzsimmons, who had a song featured on *Grey's Anatomy*, decided to use TuneCore a year ago because it lets him keep his master recordings and all the money his music generates.

"It feels fairer this way," Mr. Fitzsimmons says.

Cutting out the middleman

ESTABLISHED ACTS such as Nine Inch Nails are also flocking to TuneCore to cut out the middle man. Last month, the industrial rock group delivered its new instrumental album, *Ghosts I-IV*, to Ana-

zonMP3 through TuneCore. Fans can download tracks for free or pay \$5 for a higher-quality version of the entire album, which the band says has already racked up about \$1.6 million in sales.

The alternative works particularly well for less commercial projects. For example, Nine Inch Nails frontman Trent Reznor produced an album for poet-rapper Saul Williams on Fader Label. It was made available for download directly from Mr. Williams' Web site at prices that fans selected on the basis of the MP3 file's quality. The record sold more than 50,000 versions for \$5 each and generated 160,000 free downloads, creating buzz that led to an advertising deal with Nike.

"We really expanded Saul's fan base," Mr. Cohen says.

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