



April 30, 2002

Muddy Thinking and the Music Biz

By John C. Dvorak

The anti-technology bill submitted by Senator Fritz Hollings (D-SC) would require copy protection circuitry in microprocessors. This hopeless legislation proves that the RIAA (Recording Industry Association of America) does not even understand its own business. I hope that Congress is not so dumb as to pass a law submitted by a senator who is an obvious stooge for Hollywood. (Hollings, a Jack Valenti look alike, should serve his own constituents and not those of southern California. Vote him out!) Meanwhile, the industry should get a grip on its business by understanding what is really going on.

First of all, the current music-swapping scene is not about piracy. It's about personal preference. And this is nothing new: Personal preference is the basis for the industry. Hear me out.

Since the beginning of recorded music, people have been taught to prefer their own mixes. Personal preference began with the jukebox in the 1930s and 1940s and eventually accounted for the success of the 45-rpm record and the goofy RCA changer. The 45-rpm record player let you stack single songs in any order and create a personal mix. This archaic device lost momentum during the faddish late 1960s, when extended-length music dominated the scene.

The mix-it-yourself phenomenon reemerged with the advent of the cassette. The record industry was baffled by the cassette phenomenon, thinking it was about copying music, and managed to get a tax imposed on blank cassettes that still exists. But the album era had resulted in too many albums with only one good song on each of them, so cassettes let users do their own mixes once more. The invention of the Sony Walkman accelerated this trend.

The DIY trend was again reversed by the CD. Actually, it was the death of the single and the appearance of the Sony Discman that practically killed the cassette. Again, people were at the mercy of the record companies, poor mixes, and the "one good song per album" dilemma. A few years ago, everyone was walking around with headsets on, and then suddenly you saw less of that because people couldn't stand listening to a whole CD.

Personal mixing resurfaced with the CD burner. Finally, people could create their own mixes again and burn them onto CDs. Even more interesting, they could now sample new artists from Napster and direct themselves to lesser-known genres.

During the Napster era, music sales were up 4 percent. Since the death of Napster, music sales are down 40 percent. The music industry seems to be ignoring this obvious relationship.



Reprinted from PC Magazine.

www.pcmag.com

April 30, 2002

Muddy Thinking and the Music Biz (continued)

Napster was a promotional tool. Promotion sells music. No promotion, no sale. Hello! Blaming the downturn on piracy is ridiculous when the major conduits are shut off, underground, or scattered. And yes, those dwellers in the underground are pirates. But they never buy anything anyway. Remember that the music industry once decried radio as the death of the industry, claiming that nobody would buy a record if it were played on the radio. Once the industry understood promotion, it paid stations to play the music, and the payola scandal emerged. Can't these guys get it straight after all these years? It's the promotion, stupid.

What I call the One-Nine Solution will take care of all these problems and put electronic distribution back on track: Return Napster to open trading. Write it off as promotion. Then drop the price of a new CD to \$9, and keep it low. The economy is in a slump, and it's time to lower prices.

Next, get rid of old CDs, and move them through electronic channels at \$1 an album. The old backlist records are dead anyway. Most of the CD industry has been propped up on people updating their vinyl collections, and those days are over. People would gladly pay \$10 for ten old Bob Dylan albums delivered electronically, so they could burn their own Best of Dylan. There wouldn't be any real piracy, since people would be too busy getting good stuff cheap. As things now stand, record companies are hoarding old material that could be making money and serving the public need.

This would flood the country with music and re-habituate people into casual listening. And yes, they would do their own mixes. Everyone would be happy, and business would be booming. But with people who obviously do not understand the mechanisms of their own industry, what are the chances?