Rock Bottom

Is Rock Dying a Slow Death?

by Frank Hajdu

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“You think you're on top of the world
But you know it's really over
All the money in the world
Can't buy you from the place you're going to
Rock and roll is dead!”

-Lenny Kravitz, “Rock and Roll Is Dead”, Circus, 1995

While Mr. Kravitz may have been prematurely extreme with his declaration of rock’s demise a decade ago, he might have been somewhat visionary in his prediction that the genre would experience a significant lull in the near future. Indeed, for the better part of the last decade, rock’s popularity, listenership, and sales have markedly declined. Commercial radio is slowly walking away, audiences are turning a deaf ear, and other musical genres are collecting the spoils. While rock and roll may not be dead, it appears to be severely under the weather.

The health of any musical genre lies in its ability to present fresh and relevant material to new consumers and continue to compel experienced consumers. After over a half-century of recorded pop music and hundreds of thousands of albums released, discovering “the next big thing” has become increasingly difficult for industry executives and artists alike. With nearly 40,000 albums released in 2004 alone, creating music and/or an artist image that is truly original and unique seems nearly impossible; the sheer volume of releases all but ensures that new styles and sounds will be derivative of something that preceded them. The industry’s makeshift solutions in finding the next big thing, then, are often recycled versions of a “previously big thing.” That said, there has not been a significant, resilient, sales-driving rock “movement” since the mid-90s, and the industry continues to struggle in trying to find or create one.

This essay will examine rock’s current slump and dissect its underlying causes. It will go on to discuss the business implications for the established and emerging record labels which continue to develop and market rock artists.
“Sending Out an S.O.S."

The Search for a New Rock Movement

Ever since Cleveland disc jockey Alan Freed coined the term “rock and roll” in 1951, the genre has experienced a series of “movements”, or new styles with an original, immediately recognizable sound and the ability to go beyond music to actually define an entire subculture. Who could forget the flower children of the 60’s psychedelic sound, or the high-hair and leather of 80’s glam rock? From Folk to Punk to Grunge, these rich, compelling movements created legions of loyal fans and gave rock a stronghold over the airwaves, charts, and retail. Below is a time line marking the beginnings of several major rock movements dating back to 1960:

While several mini-movements have cropped up since the late 90’s such as the Ska Revival, Industrial, and Garage Rock, none have had the impact or “stickiness” of the juggernauts listed above. Thus, it has been almost a decade since rock has been able to reestablish a stronghold with a deep-rooted movement. As Dave Wellington, program director at Boston’s WBCN recently put it, “Nothing has emerged as the new grunge, a single style that creates a massive radio movement.”

Indeed, the grunge era (1991-1996) marked an incredibly meaningful and lucrative time for rock music. During that time, the genre averaged well over 30% of total music sales and radio stations reformatted accordingly in droves. But following

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3 Nielsen SoundScan data: 1991-1996.
the death of Nirvana lead singer Kurt Cobain, Pearl Jam’s public scorn and subsequent withdrawal from MTV, and the explosion of gangsta rap, the grunge movement eventually waned. While the new rap-rock genre began to show promise toward the end of 1995, it could not gain the traction of its rock movement predecessors. Thus, after 1996, rock sales and radio presence took turns for the worse as the youth, teenage, and young adult markets began to turn toward other genres, most notably that of urban music.  

“Don’t Know What You Got (Till It’s Gone)”

Rock Sales Trending Downward

Prior to 1991, U.S. music retail sales had been tracked in an extremely informal, inexact fashion. Record store owners were called and asked to give estimates of sales figures, which were inherently susceptible to personal bias. Then in May of 1991, SoundScan was introduced, providing a computerized system that alleviated the guesswork from tallying record sales, tracking each sale at its point of purchase. When SoundScan first published its retail figures, rock was the unsurprising front-runner at 33% of Top 200 Sales, but the industry was caught off-guard as the numbers revealed that urban (24%) and country music (20%) had amassed impressive levels of market share that were not previously accounted for using the primitive sales tracking systems. This realization may have been a sign of things to come, as record labels reprioritized accordingly to capitalize of the strength of these burgeoning genres.

Just how badly have rock sales been hit in the past decade? In analyzing Billboard Top 200 Sales data from 1992 through 2005, we can observe the concurrent decline of rock and growth of urban (comprised of hip-hop/rap and rhythm & blues) music market shares:

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It can be seen that while rock averaged 32.4% of Billboard Top 200 Sales from 1992 to 1996, it slipped considerably thereafter and averaged only 24.4% from 1997 through the present. Not coincidentally, urban music has seen just the opposite in sales trends, averaging 25.9% and 33.1% of Top 200 Sales during the same time periods. Coupled with strong growth in Latin music sales (25.6% increase during last year alone\(^7\)), rock’s shrinkage in market share is not surprising.

To complement the Billboard/SoundScan analysis above, the Recording Industry Association of America’s (RIAA) yearly consumer profiling study illustrates similar consumer purchasing trends. In their survey, the RIAA compiles data on consumer purchasing by taking a random sample of 3,000 music consumers and asking them to classify their music purchases.\(^8\) The results from 1992-2003 are as follows:

\(^7\) Mennecke, Thomas, “Latin Music Sales Surge”, slyck.com, April 21, 2005.
Interestingly enough, the percentage of consumers making rock purchases decreased steadily and then leveled out since 1998 while the number of consumers making urban purchases has increased steadily, to the point that the two factions converge at approximately 25%. These statistics clearly illustrate that music consumers have lost some level of interest in rock music, and this begs the question of why. Have other genres become more intriguing comparatively? Has there been a change in the quality of the music itself? Do emerging technologies play a role in this? There are many potential reasons for rock’s decline, and we will explore several of them.

“Radio Ga Ga”

*Rock Format Falling Flat*

Shifts in consumer tastes, U.S. Hispanic population growth, an aging baby boomer population, and a perceived decline in the quality of current rock music have all played parts in dampening the listener base of rock-formatted radio. In the past eight months alone, four major-market rock stations have switched over to urban or Hispanic formats, including Y100 (Philadelphia), WHFS (Washington, D.C.), WZBT (Miami), and KLOL (Houston). These shifts have permeated the middle- and smaller-market stations as well, with urban, Hispanic, and talk radio usurping rock formats nationwide. Of all rock formats,

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9 Werde, pp.11-12.
mainstream rock ratings have suffered the most, with album-oriented rock stations experiencing a
listenership decline of nearly 70% since 1998.\textsuperscript{10} Arbitron’s quarterly study of radio format trends from
1998-2004 illustrates the rock format’s decline in market share and the growth of its key competitors:

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\textbf{Format} & \textbf{Fall 1998} & \textbf{Fall 2004} & \textbf{\% Change} \\
\hline
Rock/Alternative & 14.5\% & 12.4\% & -2.1\% \\
Urban & 8.2\% & 10.3\% & +2.1\% \\
Spanish & 6.7\% & 10.0\% & +3.3\% \\
News/Talk/Info & 16.4\% & 17.6\% & +1.2\% \\
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While rock still commands over 12\% of station formats, demographical trends coupled with the
economics of commercial radio leave a rather bleak outlook for the format going forward. The following
three sections outline the key factors in the format’s weakening on-air presence.

\textbf{“That Was Then, This Is Now”}

\textit{Aging Ex-Rockers, Youthful Hip-Hoppers}

Baby boomers, or those born shortly after World War II, comprised rock’s most loyal fans
during the late 60’s and early 70’s. But this group has begun to age beyond the 24-55 demographic
that is so attractive to advertisers, and Arbitron research has shown that listenership is down to nearly
20\% in this demographic since 1998.\textsuperscript{11} Furthermore, as this group ages, large factions have shifted
their preferences to other formats, especially talk radio, country, and jazz.\textsuperscript{12}

In addition, today’s younger audiences—which have historically been the key drivers in rock’s
popularity— are presented with many more genre choices than preceding generations and have
therefore taken interests in various types of music. Urban music, for example, now comprises
approximately 30\% of U.S. album sales, 60\% of singles sales, and has become outrageously

\textsuperscript{10} Werde, p. 11.
\textsuperscript{11} Ibid., p. 12.
\textsuperscript{12} Hanson, Kurt, “RAIN: Radio and Internet Newsletter”, kurthanson.com, January 2005.
popular in radio and video programming. In fact, nowadays only 6% of teenagers are listening to rock at any given time, compared with nearly 20% listening to urban stations and 40% listening to Top 40 (which is currently dominated by urban artists). Hip-hop specifically has demonstrated its versatility as a form of pop music, as it can be found crossing over many different formats including R&B, Top 40, and even certain rock stations simultaneously. One might even suggest that urban music is the new rock and roll given its dominance of radio and wide cast of current mega-stars, such as Eminem, 50-Cent, and Jay-Z.

Furthermore, several niche genres of rock such as Emo, Indie, and Christian Rock have become increasingly popular in their own right but are largely absent from mainstream and alternative rock radio. Fans of such niche subgenres may feel alienated by the short, largely corporate playlists of current rock stations and may therefore avoid terrestrial radio altogether. Evolving digital technologies may also play a role in shifting tastes of young audiences, and this will be discussed later in this essay.

“Livin’ La Vida Loca”

Spanish-Language Radio Expands with Growing Hispanic Population

The rapid growth of the U.S. Hispanic community has had a profound effect on radio programming as well. Having become the largest U.S. minority group in 2003 at nearly 14% of the population and with buying power increasing at twice the rate of other demographics, it is not surprising to see radio formats switching to cater to this previously underserved Hispanic market. In fact, in the recent Arbitron winter survey, at least one urban and/or Spanish-language station is among the top five highest-rated stations in

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13 Nielsen SoundScan data.
14 Werde, p. 12.
17 Werde, p. 12.
the top ten radio markets.\textsuperscript{18} As illustrated in Table 1, Hispanic programming now controls 10% of radio formats, and Spanish-language radio ratings are up 30% since 1998.\textsuperscript{19} Finally, the format has been the subject of several recent highly-publicized successes in the format changes of major market rock stations such as WHFS and KLOL. Perhaps its crowning achievement occurred in the summer of 2003, when the New York station “La Mega” finally topped and maintained its position against the perennial stalwart, shock-jock Howard Stern, in drive-time (6a.m.-10a.m.) ratings. For anyone left doubting the power of the Hispanic radio audience, this provided unequivocal evidence of its size and influence.

“\textit{You Call That Music?}”

\textit{A Perceived Decline in the Quality of Rock Product}

Finally, the third key element in rock radio’s downfall involves the questionable quality of the genre’s recent output. Decade after decade, the critics—professional and otherwise—inevitably claim that current rock music “sucks.” They expound tirelessly on how artists in the past were more original, soulful, and innately talented than any of those in the present, and they go on to forecast rock’s imminent doom (after all, such harsh criticism makes for far more sensational journalism). But on certain levels, they’re right. They \textit{must} be right, at least in terms of consumer perception. With over 50 years of recorded rock music, it is nearly impossible for an artist to create anything that will be widely accepted as an original sound or style. Every new artist, or so it is claimed, has incorporated (or more likely worded, “stolen”) influences from earlier artists and called the new style their own. Rightly or wrongly, this is often the perception of the taste-making journalists, radio programmers, and the buying public, and when it comes to the world of entertainment, perception is reality.

That said, a host of radio and video programming directors agree. Their claim is that given the comparatively weak rock product of the past several years, it’s no mystery that the format is ailing. Says


\textsuperscript{19} Werde, p.12.
Jeff Wyatt, a Clear Channel Communications executive who oversees programming for several Washington, D.C. rock stations:

"Rock just ain't what it used to be. A lot of musical genres go through peaks and valleys. Clearly, rock music is not in one of those peak periods. People who run stations can't make the music better or [have] more mass-appeal. We are, ultimately, in the business of distributing what the music industry produces, and we can't take a mediocre product and make it sound great."20

This supposed lack of quality in rock music obviously cannot be empirically proven. However, one could argue that if program directors are equating “high quality” with “high marketability”, they may have a valid point. SoundScan data illustrates that the average number of rock releases in the Top 50 Sales category has fallen by 30% between the 1992-1996 and 1997-2005 periods. Indeed, the lack of post-grunge “mega-stars” makes a compelling argument for the lack of intriguing new rock artists on the airwaves.

All told, it can be seen that the rock radio format is in a rather precarious situation. Urban radio is experiencing an extremely healthy relationship with teens and young adults, Spanish-language radio has expanded to meet the demand of a fast-growing Hispanic population, and rock fans of the past are turning the dial to talk radio and stations with lighter fare.

That said, the potency of traditional radio as a promotional tool for rock artists is deteriorating, and this has set off a vicious cycle in rock artists’ financial viability. The following diagram is a simple representation of this cycle of causal relationships:

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Rock artists depend on live performances and record labels rely on album sales as their main sources of income. Both sources of income, however, are largely contingent upon radio airplay and promotion. As one can observe in the diagram above, removing radio from the chain puts the retail sales and live performance revenues in jeopardy. While several alternate forms of radio have come available for public consumption in recent years, traditional radio will remain an important driver of record promotion for many years to come, as its ability to adapt and stay “local” with its core audiences cannot be readily substituted by alternate forms of radio such as satellite, Internet, and podcasting. Thus, the decrease in traditional radio exposure has had and will continue to have a palpable effect on rock artists’ financial viability. Until terrestrial radio becomes completely antiquated, this cycle does not bode well for contemporary rock artists.

“Hip-Hop Hooray!”

_Hip-Hop/Rap Becomes the New Rock and Roll_

Sonically speaking, Rock and Roll is defined as a guitar-driven musical style featuring vocals and a strong back beat, originally born out of the union of African-American rhythm and blues, country-western, and pop music. But the genre also has cultural implications that stretch far deeper than the music itself. Rock and Roll has always been a rebellious state of mind, encapsulating and reflecting the psyche of a youth-led counterculture. Music fans have always had an affinity for iconic “bad boys”, and from Jim

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21 ProNet Wire: “Entertainment & Living: Future of Radio” (Conference), Speakers Andy Brief (partner, DeVito/Verdi), Lynn Harris Medcalf (Executive Vice President, News Generation, Inc), May 27, 2005.
Morrison to Ozzy Osbourne to Axl Rose, rock certainly had its fair share of edgy, dangerous, and provocative superstars. But for all of the hard-boozing, hotel-room-wrecking, bat-head-chomping antics, the mere passage of time can make even the most iconoclastic rock stars seem hackneyed. The kids know: once a genre becomes “your parents’ music”, it’s time to move on.

Hip-hop, with its gritty lyrics and vivid imagery of street-life, was well positioned by the late 80’s to fill that void. Yearning for something rawer, tougher, and more organically risqué, youthful listeners became enamored with hip-hop’s sincerity, sense of urgency, and edgy, unfiltered lyrics. While album sales were not formally tracked until 1991, the genre enjoyed respectable commercial success with such pioneers as Run DMC, Public Enemy, and the Beastie Boys leading the charge. In fact, when MTV debuted its first hip-hop show, “Yo! MTV Raps”, in 1988, it consistently drew the channel’s largest audiences and MTV began to air it six times per week.22 Once installed, SoundScan published its first annual sales results which showed that hip-hop had amassed 10% of retail market share, with urban music overall capturing 24%. Nonetheless, with very few exceptions, radio programmers largely avoided the hip-hop format, allowing rock to stand its ground as the most highly-aired and top-selling genre. Rock continued to enjoy the prosperity of its glam metal and grunge movements, maintaining a retail market share of over 30%.23 But as the grunge era finally began to fizzle out in 1995-1996, hip-hop’s gangsta rap pioneers such as Dr. Dre, Tupac Shakur, and The Notorious B.I.G. were all hitting their stride with multi-platinum albums and heavy radio and video rotation. By 1997, urban music had surpassed rock as a proportion of Top 200 Album Sales and never looked back, continuing to maintain over 30% market share annually and depressing rock sales to 25% or less in each year after 1997.24

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23 SoundScan data, 1992-1996.
24 Ibid.
“I Want My Mp3”

*Digital Music: Rock’s Friend or Foe?*

The debates over the net effects of the digital age on the financial viability of popular music are endless, with no clear answers in sight and a music industry which has only recently begun to embrace it. But with regard to rock music’s plight in trying win back its audience, this author will argue, the timing of the digital explosion couldn’t have been worse.

Q: “But why? Now music fans can sample new music more frequently, share it with their friends, and upload it to their portable devices. What would put rock at a disadvantage relative to any other genre in the digital music realm?”

A: “The Urban Digital Snowball Effect”

Napster, the file-sharing program allowing users to swap music files freely, bursted onto the scene in 1999, with several copycat services becoming available shortly thereafter. The virtually instantaneous dispersion of such services amongst broadband-enabled music fans sent the music industry into a melee of lawsuits, controversy, and utter despair. Concurrent with this technological development, urban music mega-stars such as Eminem, Lauryn Hill, Jay-Z, and DMX were holding court over the charts and airwaves with ground-breaking, anthemic songs and the adoration of critics and fans alike. In fact, so prevalent was urban music at the time that even *Time* magazine ran a cover story titled “Hip-Hop Nation” with Lauryn Hill’s smiling visage gracing the cover.26 Sales figures from 1998 told a similar story: urban music had laid claim to 31% of Top 200 Album sales, and a staggering 71% of Top 200 Singles sales.27 Clearly, the introduction of digital music arose at a time when urban music was peaking, and the exponential distribution of digital music files created a snowball effect of listener adoption. Tech-savvy teenagers and college students played frequently on the file-sharing playgrounds, and the exposure to urban music was unavoidable.

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25 Phrase coined by the author ☺.
26 *Time*, February 8, 1999.
27 Nielsen SoundScan data.
The SoundScan sales data surrounding the P2P explosion time is particularly revealing. The urban share of Top 200 Singles, which had averaged 65% from 1992-1999, fell to less than 40% in 2000. At the same time, urban music’s share of Top 200 Albums rose year-over-year from 29% to 35% during that same period. While one cannot infer a perfectly causal relationship between digital downloading and retail trends, it stands to reason that high levels of urban music file-sharing sharply lessened the demand for CD singles but catalyzed listenership and therefore the album-sales growth amongst old and new urban music fans. Meanwhile, both rock singles and albums remained flat year-over-year at 6% and 25%, respectively.28

The fertile new downloading community experienced an urban avalanche, plain and simple. Still today, the top ten most highly-traded digital tracks each week are, on average, 70% comprised of urban music.29 While the digital revolution may have spawned a host of new business opportunities, it has steepened the incline of rock’s uphill battle.

“The Show Must Go On”

Rock’s Greatest Weapon

There’s simply no digitally-downloadable substitute for the excitement of a rock concert. The sweaty-palmed anticipation, the seemingly eternal wait for that black curtain to rise, the dimming of the lights … those certainly were the good old days.

There are few who could deny the live concert’s ability to create new fans and strengthen the loyalty of existing fans. The feelings of intimacy, participation, and even ownership that an in-person performance creates for its audience are significant stepping stones in garnering a loyal fan base. As a former artist

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28 Nielsen SoundScan data.
29 As measured by BigChampagne.com.
developer for Elektra Records, this author knows that the industry’s first rule of thumb for developing a new rock artist all too well: tour, tour, and then tour some more.

Unfortunately, rock’s grandest showcase has been enduring the difficult circumstances of a rapidly consolidating live entertainment industry. Clear Channel Communications now controls about 70% of all live events that are promoted in the U.S.\textsuperscript{30} The monopolistic nature of the company, coupled with artists’ demands for higher fees, have caused average concert ticket prices to skyrocket: in 2003, the average concert ticket cost $50.35, a 95% increase from 1996.\textsuperscript{31} Such pricing has made it increasingly difficult for younger audiences to witness live events, as evidenced by the disproportionate number of baby boomers attending concerts. Adult Contemporary artists such as Elton John, Celine Dion, and Bette Midler are currently the biggest money-makers, as their listener demographic can more readily afford the exorbitant ticket price increases.\textsuperscript{32} The lower-margin youth-oriented rock concerts, therefore, are not Clear Channel’s top priority.

Perhaps the most telling illustration of promoters’ deprioritization of live rock shows has been the repeated cancellation of alternative rock’s capstone festival, Lollapalooza. Immensely popular in the early- to mid-90’s, the summer-long tour drew millions of fans each year to see several of alternative rock’s biggest acts as well as promising newcomers. Rising ticket prices coupled with the end of the grunge movement, however, hampered demand and made Lollapalooza a far less lucrative venture for promoters than it had been in the past. The show was cancelled after 1997, with a limited resurrection in 2003 and a one-time show scheduled for Summer 2005.

To make matters worse, the decline of rock-formatted radio has taken away a major promotional tool for live rock events.\textsuperscript{33} Rock radio stations used to enjoy far more mutually beneficial relationships with local concert venues as the stations would traditionally hype and often co-sponsor live events. But as the rock format outlets continue to shrink, the on-air promotion and sponsorship funding have dried up considerably.

These circumstances are stumping rock artists’ growth and financial opportunities on two counts. First, if rock artists’ greatest opportunity to profoundly “sell themselves” to fans is in the live capacity, then the missed opportunities to perform in reputable venues prevents the artists from building the loyal, grassroots fan bases that are instrumental in sustaining long-term careers. Second, live performances, in addition to the merchandise sold at these performances, are artists’ primary source of income. A lack of touring income can be creatively prohibiting as artists cannot adequately fund future tours or record productions.

However, there remains one beacon of light for live rock music: The Vans Warped Tour. The tour began in 1995 and has retained its original form, featured a smorgasbord of punk, ska, and hardcore bands as well as skateboarding and inline skating demonstrations. Nowadays, Warped Tour tickets cost approximately $25 and the festival features 50 or more artists on each leg of the tour. By utilizing modest venues to keep overhead costs down and offering such great musical variety and value to fans, it’s no mystery that the tour is still a force after eleven years running. Not only has the tour gained enough credibility to attract top-selling artists such as The Offspring and Good Charlotte, but it has now become a year-round affair with international scope.\textsuperscript{34}

\textsuperscript{33} Werde, p. 12.
\textsuperscript{34} The Associated Press, “Vans Warped Tour Back On Road for 11\textsuperscript{th} Year”, msnbc.msn.com, May 27, 2005.
“Where Do We Go From Here?”

Implications for Current and Emerging Business Models

Considering the aforementioned obstacles to the rock genre’s financial viability going forward, the record labels, marketers, and artists themselves face a formidable task in modifying (or perhaps, altogether reconstructing) the rock business model. The author believes that it is possible, though, to salvage rock from its current slump by taking a more minimalist, grassroots approach in delivering artists to the buying public. Indeed, the rock industry could learn a great deal from the spirit of the Warped Tour, in that keeping production costs down and imparting real value to the fans is what fosters deep, long-standing consumer loyalty—the loyalty upon which career-artists are made. The proof-positive lies in the fact even with a bevy of relatively unknown artists and no-frills production and staging, the Warped Tour continues to gain momentum eleven years after its inception.

Historically, major label economics were built on the expectation that one out of ten music releases would be a “hit”, which would compensate for the losses sustained on the nine “misses.”

To invoke a baseball analogy, labels did not want to consistently hit singles – they were strictly in the much sexier business of hitting home runs. The goal, then, was to create super-stars, or artists who could sell at the Platinum level (one million albums or greater). Labels would sink astronomical amounts of money into record production and marketing, even with the knowledge that acts would fail 90% of the time. Despite this formidable level of risk, this model remained in place for decades and, prior to the digital media explosion, actually worked.

That said major labels would very seldom take a financial interest in lower-profile artists who could all but guarantee modest yet predictable sales in the vicinity of 100,000 units. This loosely represents the plight of many successful independent artists over the last decade who had built up loyal fan bases.

35 The author learned of this during his first week with Elektra Records, and was reminded every week thereafter.
through endless touring but never broke through to traditional radio. Eventually, many would approach major labels with hopes of securing a recording contract, but this would prove a nearly impossible sell to label executives. Assuming the cost of record production for a rock artist is $300,000, the cost of marketing and promotion is $1 per album sold\textsuperscript{36}, and the label’s profit per CD sold is approximately 10\%\textsuperscript{37}, the back-of-the-envelope math can help explain why:

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<tr>
<td>Production</td>
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<td>Marketing/Promotion</td>
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<td>Retail Profit</td>
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<td>Net Profit/(Loss)</td>
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(assumes expected demand of 100,000 is accurate)
(assumes CD retail price of $15)

Clearly, at these cost levels of production and marketing, a 100,000-seller would be a sure loser every time.

The advent of digital music, however, has changed the economics of this model considerably (or at least, it should have—labels dragged their feet for several years before embracing the new format). Marketing can now be accomplished with a number of creative, viral, low-cost online mechanisms, and the impact of traditional radio—the perennial staple of artist promotions—is dissipating with media technology advancement. The burgeoning on-demand culture continues to infiltrate consumer listening patterns as satellite radio, Internet radio, and portable mp3 players are reshaping the way consumers receive their music. Indeed, for all of the previous discussion about the rock format’s decline on traditional radio, this problem may not be so profound after all.

\textsuperscript{36} Figures provided by Leigh Lust, Vice President of A&R, Atlantic Records on June 4, 2005. This is apparently an industry rule of thumb for major label “baby bands.” In actuality, the average cost of record production is markedly greater when taking established artists into account as well.

That said, the digital medium provides an inherently lower cost structure in marketing, promotion, and distribution. The modern-day record label or artist would be wise to adhere to the following in attempting to regain rock’s market share:

*Low Budget Album Production*

The costs of A-list music producers skyrocketed in the late 90’s, prior to the introduction of the digital music format and the music retail market depression that followed. Unfortunately, producers’ asking prices are not declining and for many, have continued to increase, asking as much as $75,000 *per song*. At the same time, ground-breaking artists such as The Strokes and The White Stripes have reached Platinum sales levels with albums made for less than $10,000 *in total*. In short, it stands to reason that paying for A-list producers may not be cost-effective. The author will even go ahead and speculate that for average teenage music consumers, the producer does not play a significant role in their decisions to purchase. They don’t care who produced what, as long as it sounds good!

*No Home Runs, Look for Consistency*

David Goldberg, Vice President and General Manager of Yahoo! Music, recently said it best:

“More people listening to music through the digital continuum will create a shallower curve and a longer tail that will result in fewer superstars and more career, mid-level artists.”

This makes intuitive sense. With the number of annual album releases growing exponentially (40,000 in 2004 alone) and a multitude of new channels for consumers to be discover new music, the market is supersaturated with content and ways to hear it. Consumers will be exposed to far more artists than in previous years and will diversify their purchases accordingly. New business models, therefore, should anticipate these smaller chunks of the pie and design their cost structures to best exploit them. Instead of swinging for the fences, a strong stable of predictable and modestly profitable artists

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alleviates the risk of the industry’s old model and encourages labels to sign a variety of artists, not simply those made for Top 40 radio. And if, by chance, an artist happens to erupt in popularity, it should be seen as a bonus. Super-star breakthroughs are rarely objectionable, but labels should build a business model that doesn’t bank on it, perhaps using revenue sharing contracts that allow the label to share in artist revenue streams beyond those of retail sales in exchange for tour and marketing support.

*Artist-Fan Intimacy*

Platinum modern rock bands such as Yellowcard and My Chemical Romance are glowing examples of the benefits of direct communication between artists and their fans. Long before signing major label record contracts, both artists toured relentlessly and engaged in online chats and message boards with their fans. By the time they had been signed to major labels, both artists had a running start and achieved Gold Record status within a few short months. Online communities present a low- or no-cost means of allowing artists to reach their fans on a grassroots level and give them a sense of inclusion. Given the relative ease and financial sensibility of website, chat room, and blog design, this concept should be fully exploited in developing fan bases.

*Touring: It Never Goes Out of Style*

As discussed earlier, the live performance is an artist’s greatest opportunity to sell themselves to the buying public. Despite Clear Channel’s stronghold on 70% of major live music venues, touring is still the lifeblood of rock artists’ financial viability. It attracts and creates the loyal, rabid fans who in turn drive sales, touring, and merchandise revenues. Artists should still take on every opportunity—no matter how big, small, or remote—to showcase themselves in person.
Let Movements Occur Organically

Finally, despite the lack of a lasting rock movement over the past decade, the worst thing a music marketer can do is attempt to *create* a movement. Real, lasting movements are those that are spawned from actual cultural circumstances. Audiences have proven that they can smell a contrived fad, so the key is to let them occur organically. Take, for example, the grunge movement of the early 90’s. Grunge was an outgrowth of blue-collar, Seattle-based rock artists who could not relate to the self-indulgence and hedonism of 80’s glam rock. The music was sincere, anti-corporate, and the artists maintained a rather slovenly aesthetic. Real and believable, the movement was able to help define the youth counterculture of the time. The stickiest movements are not born from cash-heavy marketing machines but from true, relatable circumstances.

“I’m Still Alive”

Rock music has indeed fallen upon a multitude of harsh circumstances in the past decade. Declining sales, a wilting radio format, and a perceived lack of quality have forced its market share to implode. Urban music continues to horde the ears of the youth market, and rock’s major competitive advantage—the live show—has fallen at the mercy of a largely consolidated promotion industry.

Nonetheless, while the current sales figures and traditional radio trends may seem discouraging, rock may still have a second wind. The new business model implications of digital marketing and distribution, if enacted properly, will allow the rock to revamp its cost structure, establish more meaningful relationships with its fans, and create a bevy of modest but consistent-selling artists. While the days of the multi-Platinum arena rock giants may be over, it is the consumer who will emerge the victor, reaping greater value from a wider variety of choices and distribution channels for rock music.
Bibliography

12. Nielsen SoundScan data. This service began tracking music retail sales in May 1991.

Additional data taken from:
- Nielsen SoundScan http://aud.soundscan.com
- Big Champagne http://www.bigchampagne.com