

MusicNOW

Some highlights from the 4th National Entertainment Industry Conference at the ABC Radio Centre in Sydney on August 6-7, 1999 organised by IMMEDIA!

This conference used to be called the National Music Industry Conference but convergence and the Internet changed all that.

The Internet

"The Internet has been an incredible means of reinvigorating the whole music industry".

*Adrian Fitz-Alan, Director Business Affairs,
Sony Music Entertainment*

"I find it really slow and frustrating. I'd rather read a book."

Tim Freedman, The Whitlams (but the band does have a website, www.thewhitlams.com.au, which Freedman says they put a lot of work into keeping "fresh" with photos from gigs and gossip about events and tours)

Clicks and mortar - integrating the record store and online music buying

"Our online CD sales are in the hundreds. We sell tens of thousands in the stores...But we've made a six figure sum from the website so far. That's sales, people contacting us to get James Morrison to do something..."

James Morrison, jazz musician

"Music retail will be one of the last areas of retail to go. Music is like food. No, more important. You can live without food for a while but you can't live without a tune. Otherwise you become like Alston..."

Paul Krige, Managing Director, Universal Music Australia

"It's when Mariah Carey and Garth Brooks start selling online that it becomes a business. I'm still yet to see how to merchandise volume on the Net."

John Hazell, Managing Director, HMV (music stores)

"The Internet will distribute sales to artists more broadly (than Mariah Carey and Garth Brooks). I truly believe that."

*Victoria Doidge, Vice President Marketing and Sales,
Chaos Music*

"We're not selling records. We're buying customers...I wish chaos-music.com well but I've got very deep pockets to buy customers in this market [Australia] and they're going to need deep pockets to play in the same space."

*Clive Mayhew Begg, Vice President International,
CDNOW*

"I want digital downloading. I don't want to hear the music and then have to wait three days for the plastic to arrive. Digital downloading will change the whole process."

James Morrison, jazz musician

"Digital distribution is more efficient. It gets the record company closer to the customer. Today, record companies do all the work to market a record and get it to its audience and then when the band releases its next record, they start all over again..."

*Clive Mayhew Begg,
Vice President International,
CDNOW*

"You're never going to need to go back to Jeff's [Harrison's - Gaslight] store..."

*Clive Mayhew Begg,
Vice President International,
CDNOW*

"They may not need to go but they may want to..."

*Chris Gilbey, Executive
Producer, Desert Island Videos
(Channel V) and music and
new media industry consultant*

"Consumers are demanding the same price globally...Digital downloading will drive global price equivalence, unless formats are introduced which control distribution to different regions."

*Clive Mayhew Begg,
Vice President International,
CDNOW*

"I don't think we will see price equivalence. I think we'll see more use of online price comparison tools like CompareNet. Customers will be choosing among options [and features] rather than just demanding

the same price.”

“Consumer data is the currency of the 21st century.”

*Clive Mayhew Begg,
Vice President International,
CDNOW*

“Consumer data may be the currency of the 21st century, but what is the exchange rate?”

*Robert Flynn, Co-founder,
Liquid Audio*

“An era of intelligent alliances. In this atmosphere, the winners will be the companies that have title to goods and ideas for the shortest time for the least investment for the most profit.”

*Clive Mayhew Begg,
Vice President International,
CDNOW, quoting the CEO
of Coles Myer*

On record companies selling their own product online direct to the customer: “If we’re going to be in competition with our suppliers, I’d like to know the competition is going to be fair.”

*Jeff Harrison, Managing
Director, Gaslight Music*

Technology

“The big issue of recent times has been the decline of the independent label. MP3 gives new opportunities for those bands.”

*Chris Moss, Managing Director,
WEA Records (Warner Music
Australia)*

“MP3 will become irrelevant as a brand and as a format, although mp3.com will not.”

*Clive Mayhew Begg, Vice
President International, CDNOW*

“All these different technologies will give us choices. How good do I want the experience to be and how long am I prepared to wait?”

James Morrison, jazz musician

Parallel importation

“I’ve had better support from local

[subsidiaries of multinational] record companies with the supply of product since the law changed.”

*John Hazell, Managing Director,
HMV (music stores)*

On the continuing investment by the majors in Australian bands: “It is amazing. I expected the multinationals to pull back but it hasn’t happened yet.”

*Paul Dickson, Managing
Director, Mushroom Records*

“The position of record companies is strengthened. They’re starting to get the credit they deserve [especially for marketing].”

*Paul Krige, Managing Director,
Universal Music Australia*

Radio

“Broadcast media will become a minority form of advertising...Spending money marketing music to audiences we don’t know doesn’t make sense...Internet radio linked to online CD sales is the way to go.”

*Clive Mayhew Begg,
Vice President International,
CDNOW*

On why commercial radio playlists are so selective and why more “album” tracks aren’t played: “We’re here to play people’s favourite songs and to give them great entertainers. Every time they turn us on, they want to hear one of their favourite songs. We’ve got songs on 4-5 hour rotation [Alex Dean says 9inety6ix.1 runs 4 hour rotations]. You get one gold nugget off the CD, spin it round hard, then move on to the next one.”

*Rob Logan, Program Director,
2Day FM*

On why tracks sometimes last only a short time in the Triple J playlist, why they are dropped from the Triple J playlist when they start being played on commercial radio and whether this represents a lack of commitment to local bands: “The reason we drop them is because we’ve been playing

them for three or four fucking months before you people pick them up.”

*Arnold Frowlows,
Music Director, Triple J*

On the impact of foreign radio stations being listened to over the Internet: “Triple J proved that localism isn’t the be-all and end-all, especially for younger audiences.”

*Barry Chapman, CEO,
Channel V*

“It’s about emotional connection. You can talk about local, local, local but it’s content, content, content.”

*Rob Logan, Program Director,
2Day FM*

Conference organiser Phil Tripp asked all members of the broadcast/narrowcast panel how many people their companies employed. The answers: 2 Day FM, “two pages” [about 60]; Triple J, 40-50; Channel V, 41 full-time and 10 contract technicians each week; Triple M, 30-35; 9inety6ix.1, about 30.

New radio stations

“Sydney can handle more stations but if we keep putting more and more stations into regional centres, they’ll be networked and it’ll be pretty dull radio.”

*Anthony Ghergetta, General
Manager WILD FM (aspirant
community radio station)*

“It’s not just about new stations in Sydney, it’s about world radio. People are listening to stations like Z100 in New York on the Net at work - the most important place for radio listening...”

“If we get more FM stations in Sydney you’ll see songs on one-and-a-half hour rotation.”

*Rob Logan, Program Director,
2Day FM.*

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Radio station websites

“The website is now our most impor- >

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tant tool after answering the phone...Audiostreaming to people outside our service area has also become important..."

Alex Dean, Program and Music Director, 9inety6ix.1

"There's been a phenomenal increase in usage over the last 18 months...The key growth area for us is interactivity."

Rob Logan, Program Director, 2Day FM

Australian music

On the impact of the higher Australian music requirements under the commercial radio industry's code of practice: "We have a lot stronger relationship with the A&R guys...Five years ago at a [station] music meeting we'd say 'What's the best song for the radio?' Now it's 'What's the best Australian song?'...[The] 25% [quota] is fine. There's enough high quality Australian music out there at the moment."

Rob Logan, Program Director, 2Day FM

"It's bullshit. It means nothing. 25%? You've [2 Day FM] got 35 records on your playlist. You just pick two Australian ones and put them on high rotation."

Barry Chapman, CEO, Channel V

On the possibility of an Australian country music station: "Country is the second most popular format in the US...It's not in Australia. It just hasn't worked here as a format. Chris Murphy lost a couple of million bucks trying... 2SM dropped from a weekly cume [number of listeners tuning in at some time during the week] of 350-400,000 to 175,000 when the format changed...But Country Music Television [a pay TV channel] now has access to a million homes on Foxtel, Optus and Austar and it's having an impact..."

Barry Chapman, CEO, Channel V

"We want to source locally [for distribution into the Australian market] because that means we can fulfil orders within 24 hours..."

Clive Mayhew Begg, Vice President International, CDNOW

The music business

"Everything that exists now will change in the next five years."

Paul Dickson, Managing Director, Mushroom Records

"The music industry is reinventing itself. But it's been doing that for many years...It's a five year process being driven by technology, globalisation and disintermediation. And all of that is being driven by the consumer...The winners will include both first-to-market companies like mp3.com and CDNOW and established companies that can embrace change quickly enough..."

"The barriers to adoption of digital delivery of music are bandwidth, music availability, the presence of free alternatives and the dearth of portability [in consumer equipment]...Jupiter is forecast-

ing that online CD sales will dominate the online music market for the next five years, followed by the rapid adoption of digital delivery once the barriers to it are removed..."

"When I went to business school in 1992, we learned to value companies by measuring EBIT to EBITDA. Internet companies in 1999 are being valued a different way, by 'revenue multiples', because the Internet provides new ways of creating value: greater quality and convenience, lower prices, increased efficiency and greater returns for winners. But not everyone will win..."

"Everyone seems to be in this joint venture mode. I say to them 'What are you giving me? It's my brand. It's my database...'"

"I'd love broadcasters to be playing. But they're doing joint ventures with software companies who are going to own everything..."

Clive Mayhew Begg, Vice President International, CDNOW

"Broadcasters are playing. There are 180 radio stations using our software..."

Robert Flynn, Co-founder Liquid Audio

"No one thing is going to take over the business and kill everything else...Everything is going to expand the business if it's handled properly."

Chris Moss, Managing director, WEA Records (Warner Music Australia)

"People have to be [and are] a lot more focused and business-like and together earlier in their careers."

David Hirschfelder, screen composer (Strictly Ballroom, Shine, Elizabeth)

Jock Given

