

Music: Feature

## What would Ani do?

Lessons the majors could learn from the indies

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By [Al Kaufman](#)



Albert Sanchez

**PATRON SAINT OF INDIES: Ani DiFranco**

Thirteen years ago, Buffalo, N.Y., folksinger Ani DiFranco borrowed money from friends to put out some songs on her own label. With this year's *Evolve*, DiFranco's Righteous Babe Records put out her 20th release. Twenty releases by one artist in 13 years is unheard of on major labels, which prefer to milk CDs for all they're worth before letting the artist release another one. But when you run your own label, you get to record what you want, when you want.

Today, Righteous Babe is a successful independent label with nine additional artists on its roster (DiFranco's opening act on her current tour, the acoustic-punk badass Hammell On Trial, is the latest addition). Although the opportunity to sell out to a major label comes around regularly, DiFranco prefers to stay outside the corporate music industry. That means she won't sell as many copies as her friend Prince did in his heyday. On the other hand, when Prince learned how much more DiFranco makes per CD sold, he was inspired to get himself out of his long-term major-label deal.

In refusing to buy into the music industry system, DiFranco makes a statement more political than her most outspoken songs. In her actions, she provides an alternative to the most accessible product marketed to the largest possible audience. Now, when an indie label feels like it can't hold back the tsunami that is the majors, its owner looks up and thinks, "What would Ani do?"

"Ani DiFranco and Righteous Babe have been an inspiration to the entire independent music business, including me," says Brandon Kessler, founder and owner of Messenger Records, whose artists include Chris Whitley and Dan Bern.

Messenger Records is just one of the independent labels that has continued to be successful in a time when the majors are scrambling to do anything, both dumb (sue consumers of music) and smart (lower CD prices, although not as much as originally intended), to stop flagging sales. With smaller overhead and more focus on good music instead of the bottom line, indies are thriving, even as corporate buyouts and deregulation are making it harder and harder to get their music in record stores and on radio. They offer some lessons to their major label brethren.

### **Lesson 1: Value Your Customer**

"The major labels blame two things for the downturn in the music business," Kessler says. "They blame piracy, meaning they blame their customers, or they blame their artists by saying there's no new genre of music out there. So they blame their consumers and they blame their suppliers. It's like, go back to business school, please.

"Piracy is a symptom of them not valuing or understanding their customer. They don't give them enough value on the CD they purchase. They charge too much per CD that doesn't have enough songs that the person likes. There's all this Internet stuff and they don't even have a card in the CD saying give us your e-mail and get a free song. They don't reach out to their customers. Independent labels for a long while have reached out to our customers, incorporated them into our marketing campaigns, answered every e-mail, given free songs to them online, encouraged tape trading and kept prices low."

### **Lesson 2: Value Your Talent**

Nan Warshaw, a co-owner of pre-eminent Americana label Bloodshot Records, says some of her bands that ended up signing to majors got screwed over, as the label waited years for the right time to release a record, if they released it at all. She estimates that about 2 percent of bands are deemed successful by a major label, and the rest are dropped.

"Most of our bands are breaking even," she says. "They're seeing royalty checks. Even if they are piddly little checks, at least they're seeing something, and that's something you'd never see at a major label unless you're selling hundreds of thousands of records."

A good example of this is the Old 97's. The alt-country sweethearts left Bloodshot for their shot at stardom with Elektra. After they polished up their sound and released three slick CDs which garnered little commercial success, the label dropped them. The band is currently shopping for another label and hopes to have something new out by spring 2004.

Jeff Price, founder and co-owner of SpinART Records (whose roster includes artists Clem Snide, Apples in Stereo and Frank Black), agrees with Warsaw. "For the major labels, this isn't about getting Robert and Hilarie from Apples in Stereo enough money to carpet their new baby's bedroom. It's about hitting quarterly projections for their share holders, and hitting bottom lines and getting the share price up."

The major reason Sister Hazel left Universal Records to start their own label, Sixthman, is because, according to drummer Mark Trojanowski, they were not allowed to release the music they wanted when they wanted. "We just couldn't live in world that says you're only worthy to put out a record every three years. That's not how Led Zeppelin and the Beatles put out music 20 years ago."

### **Lesson 3: Keep Overhead Low**

A CD costs about \$1 to produce. Yet, even with an average list price of \$17.98, major-label artists usually don't start to make money until their CD goes gold (500,000 sold), and sometimes not until it has gone platinum (1 million sold). Artists need to sell so many copies on a major because the labels spend so much money to market and promote music through airplay, videos and huge tours, then recoup that money from profits a band makes.

A big chunk of this spending goes to pay the independent promoters who get songs played on radio stations. Labels pay promoters each time a song is played on radio, and promoters, in turn, pay the radio station to receive rights to work with that station. Because stations are not paid directly by labels, it's not illegal. But it can cost a label over a million dollars to break a hit single on the radio.

Because Bloodshot, like most indie labels, focuses more on college and non-commercial radio, they can put more money toward artist development. "Major labels aren't doing artist development like they at one time did," she says. "They pick up artists and if their first record doesn't sell, they drop them. So there's no career investment."

### **Lesson 4: Don't Fight the Internet, Use It**

In 1997, SpinART became the first label to make its entire catalogue available for paid downloads through [emusic.com](http://emusic.com). "The majors, and major hardware manufacturers and software manufacturers, they probably spent anywhere from 500 million to a billion dollars on [trying to stop piracy]. Can you imagine how much more music they could have sold if they had earmarked that money toward educating the public or coming up with some sort of system that would have allowed people to purchase stuff."

Yet Price understands why the majors are crying foul. "As a record label, you need a distributor to put the record in the stores. Digital distribution all of a sudden gave a kid in a bedroom in Des Moines, Iowa, the same distribution power as Sony. This kid could take a single song and upload it to a website and have the same access to as many people as Sony on its website. That's scary, because that's what the music industry is, it's about distribution."

By all accounts, downloading is here to stay. The key is to come up with ways to use that technology to artists' advantage. Sister Hazel thinks it has done that. The prolific group wrote 76 songs for its current release, *Chasing Daylight*.

"Under the old Universal situation, those songs would have never gotten on a disc," says Trojanowski. "So what we're doing now is we're putting out hyper CDs through our all-access site." Fans who own *Daylight*, or any of the four-song "hyper CDs" Sister Hazel sells through its website, can put the disc in their computers and get access to unreleased audio and video footage, plus a documentary. The band is selling fewer copies than it did with its major-label debut, *Somewhere More Familiar*, but it claims to make more money.

## **Lesson 5: Get Creative**

In offering access to additional footage, Sister Hazel is giving fans more value for their dollar, which is what many of the indies claim the majors have not been doing.

"I try to bundle more value into any CD," says SpinART's Price. "I want people to be able to get DVD, videos, games or something like that. It doesn't even need to be specific to that artist. I'd love for people to buy a SpinART record and get a second CD which has game demos from PlayStation."

Messenger's Kessler agrees more tie-ins and communication need to occur. "I would envision a television campaign with a bunch of artists

saying, 'We're going to reach out to you.' And you walk into a record store and you see a rack with those same artists on sale with whatever the title is of this ad campaign. And you buy it, you open up your CD and get a card that says, type in this number with your e-mail and you immediately get \$1 off of the tour that's coming to your town, or a free download, or anything creative. And you've therefore established a creative relationship with your audience. You've valued your customer. None of that happens in the record industry.

"Being independent," Kessler continues, "is not about good versus evil, it's about the focus of an artist on their audience with as few intermediaries as possible, and understanding that there should be a real relationship between them, not just a business transaction."

Ani DiFranco and the indie labels understand that. Now that they're scrambling for ways to turn around the CD sales slide, maybe the majors will start to embrace it as well.