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This Media Life: Facing the Music

Rock stars and music-industry execs once ruled the earth, but now -- in terms of size and profit margins -- the music industry is becoming the book business (minus the literacy).

By Michael Wolff

Hemingway had rock-star status (and even impersonators). Steinbeck was Springsteen. Salinger was Kurt Cobain. Dorothy Parker was Courtney Love. James Jones was David Crosby. Mailer was Eminem. This is to say -- and I understand how hard this is to appreciate -- that novelists were iconic for much of the first half of the last century. They set the cultural agenda. They made lots of money. They lived large (and self-medicated). They were the generational voice. For a long time, anybody with any creative ambition wanted to write the Great American Novel.

But starting in the fifties, and then gaining incredible force in the sixties, rock-and-roll performers eclipsed authors as cultural stars. Rock and roll took over fiction's job as the chronicler and romanticizer of American life (that rock and roll became much bigger than fiction relates, I'd argue, more to scalability and distribution than to relative influence), and the music business replaced the book business as the engine of popularculture.

Now, though, another reversal, of similar commercial and metaphysical magnitude, is taking place. Not, of course, that the book business is becoming rock and roll, but that the music industry is becoming, in size andprofit margins and stature, the book business.

In other words, there'll still be big hits (Celine Dion is Stephen King), but even if you're fairly high up on the music-business ladder, most of your time, which you'd previously spent with megastars, will be spent with mid-list stuff. Where before you'd be happy only at gold and platinum levels, soon you'll be grateful if you have a release that sells 30,000 or 40,000 units -- that will be your bread and butter. You'll sweat every sale and dollar. Other aspects of the business will also contract -- most of the perks and largesse and extravagance will dry up completely. The glamour, the influence, the youth, the hipness, the hookers, the drugs -- gone. Instead, it will be a low-margin, consolidated, quaintly anachronistic business, catering to an aging clientele, without much impact on an otherwise thriving culture awash in music that only incidentally will come from the music industry.

This glum (if also quite funny) fate is surely the result of compounded management errors -- the know-nothingness and foolishness and acting-out that, for instance, just recently resulted in what seems to be the final death of Napster.

But it's way larger, too. Management solutions in the music business have, rightly, given way to a pure, no-exit kind of fatalism.

It's all pain. It's all breakdown. Music-business people, heretofore among the most self-satisfied and self-absorbed people of the age, are suddenly interesting, informed, even ennobled, as they become fully engaged in the subject of their own demise. Producers, musicians, marketing people, agents. . . they'll talk you through what's happened to their business -- it's part B-school case study and part *Pilgrim's Progress*.

Start with radio.

Radio and rock and roll have had the most remarkable symbiotic relationship in media -- the synergy that everybody has tried to re-create in media conglomerates. Radio got free content; music labels got free promotion.

Radio's almost effortless cash flow, and mom-and-pop organization (there were once 5,133 owners of U.S. radio stations), made it ripe for consolidation, which began in the mid-eighties and was mostly completed as soon as Congress removed virtually all ownership limits in 1996. A handful of companies now control nearly the entirety of U.S. radio, with Clear Channel and its more than 1,200 stations being the undisputed Death Star. (Clear Channel is also one of the nation's major live promoters, and uses its airtime leverage to force performers to use its concert services, as Britney Spears and others have charged.)

Radio, heretofore ad hoc and eccentric and local, underwent a transformation in which it became formatted, rational, and centralized. Its single imperative was to keep people from moving the dial -- seamlessness became the science of radio.

The music business suddenly had to start producing music according to very stringent (if unwritten) commercial guidelines (it could have objected or rebelled -- but it rolled over instead; what's more, in a complicated middleman strategy of music brokers and independent promoters, labels have, in effect, been forced to pay to have their boring music aired). Format became law. Everything had to sound the way it was supposed to sound. Fungibility was king. Familiarity was the greatest virtue.

Once Sheryl Crow was an established hit, the music business was compelled to offer up an endless number of Sheryl Crow imitators. Then when the Sheryl Crow imitators became a reliable radio genre, Sheryl Crow was compelled to imitate them. (*Entertainment Weekly*, without irony, recently praised the new Moby album for sounding like his last.)

But then, just as radio playlists become closely regulated, the Internet appears.

"Suddenly there was another distribution avenue offering far greater product range," notes my friend Bob Thiele, who's been producing, writing, performing, and doing A&R work in L.A. for twenty years (and whose father was Buddy Holly's producer), and who, in my memory, never before talked about avenues of distribution. "And then, before anyone was quite aware of what was happening, file-sharing replaced radio as the engine of music culture."

It wasn't just that it was free music -- radio offered free music. But whatever you wanted was free (whenever you wanted it). The Internet is music consumerism run amok, resulting not only in billions of dollars of lost sales but in an endless bifurcation of taste. The universe fragmented into sub-universes, and then sub-sub-universes. The music industry, which depends on large numbers of people with similar interests for its profit margins, now had to deal with an ever-growing numbers of fans with increasingly diverse and eccentric interests.

It is hard to think of a more profound business crisis. You've lost control of the means of distribution, promotion, and manufacturing.

You've lost quality control -- in some sense, there's been a quality-control coup. You've lost your basic business model -- what you sell has become as free as oxygen.

It's a philosophical as well as a business crisis -- which compounds the problem, because the people who run the music business are not exactly philosophers.

"They're thugs," says a former high-ranking music exec of my acquaintance, who is no shrinking violet himself.

Such thuggishness, when the business was about courting difficult acts, enforcing contracts, procuring drugs, paying off everyone who needed to be paid off, may once have been a key management advantage. But it probably isn't the main virtue you're looking for when you're in a state of existential crisis. Being street-smart is not being smart.

In a situation of such vast uncertainty, with the breakdown of all prior business and cultural assumptions, you don't necessarily want to have to depend upon, say, Tommy Mottola to create a new paradigm.

For a long while, the management response at the major labels had a weird combination of denial and foot stamping: putting Napster out of business-then sort-of/sort-of-not buying Napster -- all the while being told by everybody who knows anything about technology that, no matter what the music industry does, or who it sues, music will be, inevitably, free. Duh. There is, too, a management critique -- perhaps most succinctly put by Don Henley in his now-famous post-Grammy letter wherein he quoted Mel Brooks in *Blazing Saddles*: "Gentlemen, gentlemen! We've got to protect our phony baloney jobs!" -- that sees record labels as generally engaged in the usual practice of ripping off anyone who can be ripped off while remaining oblivious to the fact that Rome is burning.

But for the most part, denial, and even the reflex to just keep squeezing the last dollar until there is nothing left to squeeze, is passing (labels have even recently awoken to the problems of dealing with the radio behemoths and are frantically, and way too late, trying to find reasons to sue the radio guys and gain back a little leverage).

I had a very nice sushi lunch in the Sony dining room the other day where I heard about the generally gallows mood at Sony Music. The recent past was very bad; the future was likely to be worse. All money earned from here on in would be harder to earn. This felt like acceptance to me: We simply don't know what to do.

The truth is, there might not be anything much to do.

Here are the choices:

If you're providing free entertainment, which is obviously what the music business is doing, then you have to figure out some way to sell advertising to the people who are paying attention to your free music. But nobody seems to have any idea how that might be done. Or you can provide stuff that's free, and use the free stuff to promote something else of more value that people, you hope, will buy -- now called the "legitimate alternative." (Putting video on the CD is one of those ideas -- though, of course, you can file-share video too.) Or sell the CD at a level that makes it cheap enough to compete with free (free, after all, has its own costs for the consumer).

It's a spreadsheet solution. There will continue to be a market for selling music, however diminished -- but it will have to be cheaper music. Margins will shrink even more. Accordingly, costs will have to shrink. Spending a few million to launch an act will shortly be a thing of the past. (The formal catalyst of the beginning of the end of big development costs may be the *Wall Street Journal*'s story a few months ago that precisely accounted for the $2.2 million launch costs of a singer named Carly Hennessy, who went on to sell 378 CDs.) A&R guys making half a million are also history (in the future, they'll start at $40,000 and max out at $150,000). And no more parties.

And then there is the CD theory. This theory is widely accepted -- with great pride, in fact -- in the music industry. It represents the ultimate music-biz hustle. But its implications are seldom played out.

The CD theory holds that the music business actually died about twenty years ago. It was revived without anyone knowing it had actually died because compact-disc technology came along and everybody had to replace what they'd bought for the twenty years prior to the advent of the CD.

The music business, this theory acknowledges, is about selling technology as much as music. From mono to stereo to Walkman. It just happens that the next stage of technological development in the music business has largely excluded the music business itself.

The further implication, though, might be the more interesting and painful one: You can't depend on just the music.

Rock and roll is just an anomaly. While for a generation or two it created a go-go industry -- the youthquake -- it is unreasonable to expect that anything so transforming can remain a permanent condition. To a large degree, the music industry is, then, a fluke. A bubble. Finally the bubble burst.

But not with a pop. It's an almost imperceptible, but highly meaningful,alteration in context. Alanis Morissette becomes Grace Paley. Bono becomes John Hersey. Fiona Apple is Joyce Carol Oates. Moby is Martin Amis.

This is not so bad.

And best of all, our children -- all right, our grandchildren -- won't want to become rock stars.