

There is also a third way

Over the last two issues **NIGEL JOPSON** has highlighted the A&R policies and under 10% break-even rate that have led to increased short-termism at major labels. Last issue we examined the independent label alternative with a more symbiotic relationship between label and artist yielding reasonable earnings for performers from five figure album sales. There's also a 'third way', neither major nor indie, and one seemingly never more achievable than in an Internet-enabled age: self-release.

WITH BURNERS STANDARD on new PCs, CD-R media at 20p each, and an abundance of cheap or free web-design tools available, it's tempting for the unsigned musician to go for a self-release. Several web sites will showcase and sell CDs for a 20% cut – if you've got a barcode, www.CDbaby.com even register transactions with Soundscan – eligibility for chart entry!

More objective assessment reveals thousands have already had this very idea, a few downloads from bulging 'unsigned' web sites is enough to persuade even the least discerning of listeners never to download again. Bands like San Diego-based rock outfit Suntower (www.suntower.net) put a lot of work into building their online presence. Suntower racked up 10,000 mp3.com downloads, went on a PR offensive with showcase sites, produced their own album (for sale at CDbaby) and play 70 or 80 gigs a year. But they've only sold 2,500 CDs since 1999, and despite a lot of energy diverted into PR ... they're still just another US bar band.

Pay-for-download sites only deal with labels, and now the coolest of the e-zines and cutting-edge sites like www.epitonic.com will only consider submissions from signed artists. Even the smallest of labels acts as a useful filter for editors and style-meisters wading through digital piles of new releases. There's no shortage of resources and 'how to run your own label' books for the ambitious but, as Hydrogen Dukebox label boss Doug Hart explains: 'Most young musicians who try a self-release do it out of naivety, and they don't really know what they're doing. Sometimes you just want to ring people up and go "Your music is fantastic, don't do that, because you haven't got the distribution chain!"'

Often overlooked is the necessity of paying 8.5% of the dealer price on every CD manufactured to the MCPS before any records are sold. Unless label, publisher and songwriter are the same person, new labels are licensed through the AP2 pay-upfront scheme, only large companies can pay quarterly in arrears.

'We think it ludicrously unfair that we have to pay for royalties on records we haven't sold – then they give you an allowance of 200 for each album – you can't sell an album with just 200 promos!' complains Hart. Hydrogen has spent 10 years building an eclectic electro roster that includes James Hardway, A1 People, Black Dog and Metamatics. It's hard to imagine the ingénue leftfield artist assembling 14 international partners and the necessary design, PR, promotion and distribution assets to compete.

Obtaining the MCPS license, a barcode from the e-centre, an ISRC code, printing artwork, manufacturing CDs, registering with the PRS and PPL, registering for VAT, persuading a national distributor to take on your album, and getting a lawyer to help negotiate the contract is but the first tiny step.

Shop sales are still the main source of income for musicians, and if you want your production on high

street shelves, you have to pay to put it there. Doug Hart explains: 'The biggest downside of being independent is not being able to get your records in shops without paying for it. It's totally understandable, it's someone else's space, they're paying rent and the staff, but it's such a shame when you meet people in major chains and they love what you do, and know they can sell more of it, but because of the chain's policy they can't take the CD unless you pay 2000 quid and provide listening posts, racking and so on. The only new releases you'll see in major chains are the ones that have been paid for.'

Peter Quicke of Ninjatune Records told me: 'We buy space when it makes sense – if it's offered, we accept it, because the multiples don't offer it unless they think they can sell a reasonable number. It's a racket in a way, but a racket that you have to play.' For unsigned young artists, the pragmatic conclusion must be that it's better to focus on the music, and target a sympathetic label specialising in the appropriate genre.

Of course, not every deal-less artist is young or unsigned. Some quite significant artists fall into the category of 'previously signed'. Chris Rea, dropped from label East West after Road to Hell Vol. II put a hole in his already dwindling fan-base, turned a subsequent life threatening illness to creative advantage with a self-funded back-to-the-roots-bluesy comeback album Dancing down the Stony Road.

Initially released on his own Jazzee Blue label last year, it sold 100,000 copies in the UK. Chris then followed the template established by other 'former names' with the use of specialist independents – German label Tru Note/Edel Music – to further exploit the release.

A more startling example of self-release success are ageing prog-rock band Marillion. Twenty three years young, last signed to a major eight years ago, remembered for once having a singer who changed his name from Derek Dick to 'Fish' and for writing songs about dragons, it's hard to imagine this least-likely-to-cause-a-label-bidding-war band selling any CDs at all, yet sell them they have – and how.

Key to Marillion's success has been the cunning use of its surprisingly 'sticky' fan-base. The true Marillion fan has never stopped reaching for that CD when friends come round and would walk to Bognor in the rain to see the band. They don't mind the self-conscious production attempts to give new studio tracks a cooler veneer because – damn it – they want their boys to be up to date!

In response to an email from the band, 12,674 of these stalwarts gave their lads another chance by paying £16 for an album that hadn't been recorded (order by May 2000 and we'll put you in the Thank You list!) With a charming touch of self-deprecatory humour, the band titled the 2001 release Anoraknophobia, and featured in promo shots wearing anoraks. With wider distribution by EMI, more than 90,000 CDs were sold and now Marillion has an even more ambitious take on 'Fan Power' –



Hydrogen Dukebox label boss Doug Hart





this time they plan to raise an extra £350,000 for a world-wide marketing campaign, in addition to a £150,000 recording budget – all from their fans.

Marillion marketing manager, Lucy Jordache, outlined the scheme. 'For the fans we are going to make a double album we're calling 'the campaign CD' that will sell from the web site for £30. We'll also be doing a normal price single CD for the shops. The double album will only be for people who fund the release. Hopefully at least £20 of each donation will go into a promotional fund... we think between 20-30,000 people will do this. We're also selling merchandise we're calling "campaign merchandise". By October we hope to have half a million pounds.'

It would be easy to mock such ambition as bravado, but Marillion has already turned media scorn to a double-edged sword: the band has surrounded itself with a core of loyal and committed employees. 'Marillion are my passion, I was a fan for years before I worked for EMI, so I know their market, I know the fans,' says Lucy. This sense of belonging has been extended to bind their music buyers ever closer, using www.marillion.com as a portal.

Marillion was one of the first groups to grasp the significance of the Internet as a community-building and marketing tool. Mark Kelly, keyboard player, suggested building a fan database when the band's web site launched in 1997. With the release of a 1999 album entitled *Marillion.com*, the group persuaded its label Castle Records to include a reply card offering a free bonus CD. 'We added about 20,000 names and addresses from that, which cost us at least 50p per CD, but some people were returning with orders of £30 or £40.'

In 2000 Marillion dispensed with the services of its agent plus promoter and started selling concert tickets via the web site, giving the band access to a rich vein of customer data. 'When we sent them tickets, we also sent a catalogue, and we probably get a 1 in 3 response rate with orders for extra products,' adds Lucy. The web site, run by Erik Nielson, documents the band's career in obsessive detail. Media items on sale include four videos, 13 Racket Records CDs (live sets, out-takes,) nine solo CDs from band members, 13 studio CDs, and 11 compilation CDs.

Also on sale are 29 items of merchandise – from mouse mats and mugs to T-shirts. In addition to all this there's the 'Front Row Club' – an intriguing idea borrowed from the King Crimson 'Collectors Club': CD's have been made of a variety of live performances, £80 delivers your choice of six releases and £45 delivers three releases annually. One might have hoped for the application of a bit of mastering EQ at this price, but these products are admittedly for die-hard fans, and show a degree of courage on the part of the band (particularly 'H' the singer) in making them available.

The ambitious new marketing plan is an attempt to widen the fan-base and draw in past Marillion buyers. Lucy maps out the budget: 'EMI spent about £15-20k advertising *Anoraknophobia* in the UK, we're going to spend £80k in the UK. In Holland, one of Marillion's major territories, they spent €25k, we're also going to spend £80k. Marillion are doing a 41-date tour of Europe in January-March 2004, it's the biggest tour they've done in 10 years, and its the first tour that's been properly advertised for the last 6 years.'

Distributors for each territory will be cherry-picked, with local distributor-recommended marketing to pre-approved budgets. As Marillion has little chance of radio play, radio advertisements are planned to coincide with the tour. 'A 30-second radio ad is a lot of time, you can hear a lot of music ... people that hear

Marillion's music, if we can get them to concerts, will walk out fans,' affirms Lucy.

The band has not returned cap-in-hand to its fans without investigating other options. After the success of *Anoraknophobia*, Marillion approached venture capital firms in an attempt to finance the new scheme, but were declined with the advice that their fans were their best investors. IPO market-makers and rights-issue financiers are all too aware of the dangers of linear cash flow projections based on early-adopter sales.

Marillion has achieved a fantastic response rate from its 40,000 strong fan-database, but now they face the challenges and increased risks of taking a niche-interest product to the wider marketplace.

Surf over to www.simplyred.com and you will find another community of fans based around the career of a performer, but this time an artist familiar to a wider audience... by several millions. Mick Hucknall's long relationship with Warner imprint East West came to an end in 1999 after disappointing sales from his seventh album *Love And The Russian Winter*.

For his new self-financed album *Home*, Hucknall and his two managers, Andy Dodd and Ian Grenfell, have put together a team of freelance consultants skimmed from the top echelons of the music industry. Former WEA MD Tony McGuinness is handling the marketing campaign in conjunction with Ministry of Sound's sales team, Moira Bellas and Barbara Charone of MBC PR are managing press, former Warner Strategic Marketing international director Rainer Focke is orchestrating global distribution, the role of in-house lawyer and business affairs is fulfilled by Tim Wilde. Outside's Tony Barker oversees radio and TV promo, the web site, managed by Elaine Gwyther, provides a focal point and lends its name to the new imprint.

Although other artists have extended their careers with self-releases, this is really the first time it has been attempted with a marketing campaign on a scale to rival a premier major-label release. Prudent financial management of Hucknall's career by Andy Dodd has provided the funding, but the level of investment is way beyond anything attempted before, with informal industry estimates of at least £1-£2 million already committed.

'We wouldn't be spending this sort of money if we didn't think we could recoup everything,' says Dodd. Initial indications are good, with success in achieving essential radio airplay of first single *Sunrise* propelling it into the top 10, and a marketing drive for the album delivering top 5. A look in the high street shows good visibility from front-store racks, with HMV playing the single in store and reporting good sales.

With 50 big international tour dates set (including a massive Hyde Park gig in summer) the album is sure to have a good run. Although initial costs are high with self-financing, the potential rewards are at least double those offered by even the best major-label deal. There is another potential side-benefit: such a level of commitment will surely rally star, consultants and touring teams in a dynamic manner. 'There's an increased commitment, but the pay back is great, we've just been celebrating a platinum album in the UK!' says Moira Bellas of MBC.

The key business difference between bands like Marillion and Simply Red is that Marillion had no choice because they couldn't get a deal... Mick Hucknall couldn't get the deal he wanted, or the level of commitment he felt he deserved, from a major label. 'This business model offers an alternative way forward for established artists,' says manager Ian Grenfell. 'Mick Hucknall is one of the first artists of his stature to take the leap.' ■