

Source:

[http://www.jacksonville.com/tu-online/stories/062208/bus\\_293306787.shtml](http://www.jacksonville.com/tu-online/stories/062208/bus_293306787.shtml)

# Bands try different paths to make cash

Jacksonville.com; 21-June-2008

**Sales of CDs are half of what they used to be. Sales of digital music isn't filling the gap. What's a band to do?**

**By Mark Basch, The Times-Union**

---

Shinedown's first album in 2003, *Leave a Whisper*, was certified platinum with 1.2 million copies sold, according to Nielsen SoundScan.

The Jacksonville band's second album, 2005's *Us and Them*, was certified gold with 523,000 sold.

But even though the band is pretty excited about *The Sound of Madness*, its third album coming out this week, band members know it's going to be tough to reach those sales figures this time around.

"It's a lot different now," said Shinedown frontman Brent Smith.

What's different is that consumers just don't buy as much music as they used to. Even with a surge in downloads of songs and albums through the Internet, the drop in sales of CDs has been so drastic that overall sales of music dropped 12 percent last year, according to the Recording Industry Association of America. That's forcing bands to find new business models in order to make big money, or even earn a living, in the music industry.

"Right now, being in a band is just a gamble," said Josh James, guitarist for Jacksonville band Evergreen Terrace, which is out on the road on the Vans Warped Tour.

The solution for some bands, such as Shinedown, is a so-called "**360 deal**" with their record companies. These are arrangements in which record companies get a share of all of an artist's revenue, including concert tickets, merchandising and licensing.

In the past, record labels profited just by getting a share of the records sold.

"There was such a good profit margin on those that it seemed fair at the time," said Steve Robertson, vice president of A&R (artists and repertoire) at Atlantic Records.

But sales of records in physical form (CDs, tapes, vinyl, etc.) are dropping rapidly. Physical sales fell 19 percent last year, according to the RIAA. And while digital download sales surged by 43 percent, it wasn't nearly enough to make up for the fall in physical sales. Total record sales (physical and digital) have been falling steadily since they peaked in 1999. So labels have been looking for new sources of income.

"Some would argue, me included, that it should have always been this way," Robertson said. The company began using 360 deals about four years ago, he said.

### **The art of the 360 deal**

Shinedown has been signed to Atlantic since the band was formed in 2001. Smith said he's been happy with Atlantic, which has helped nurture the band's development. So they were willing to revise their arrangement with Atlantic a few months ago to a 360 deal.

"I don't want my record company to suffer. I'm in business with them," said Smith.

"It also gives more incentive for the record company to push your band more," he said.

Atlantic's push has helped Shinedown secure some coveted licensing deals. The hard rock band's lead single from their new album, *Devour*, will serve as the theme song for a World Wrestling Entertainment pay-per-view event next weekend. And *Devour* also

landed a slot on the soundtrack for EA Sports' Madden NFL 09 video game.

"They wanted songs that were extremely high energy," said Smith.

An EA spokesman said the company is not yet commenting on the songs for Madden NFL 09. But a recent Rolling Stone magazine article said that EA chooses only about 30 songs for the game out of about 5,000 that are submitted by various artists.

It's not just record companies getting into the 360 act. Madonna last fall left her label, Warner Music Group, to sign a 360 deal with concert promoter Live Nation.

Deals like that are forcing record companies to change the way they do business, said James McQuivey, an analyst at Forrester Research Inc.

"The music labels need to step up and become talent managers," said McQuivey, who recently wrote a report titled "The end of the music industry as we know it."

"They're going to manage their [artists'] careers more as celebrities than rock stars," he said.

While it's getting harder for record companies to make profits, it's getting easier for musicians to stay in business, even if they don't necessarily get rich, McQuivey said. Cheaper recording equipment makes it easier for bands to produce music on their own, and the Internet makes it easier to deliver it to fans without the backing of a major record label.

"I believe you would find there are more bands today making a living from their music than there were 20 years ago," he said. "There's always a chance they'll make it big, but they don't have to" to keep the band going.

### **Touring still top money maker**

Evergreen Terrace is a band that prides itself on doing things on its own. The band members still have day jobs, such as bartending and

waiting tables, when they're home in Jacksonville. When they're on the road, they depend on sales of T-shirts, CDs and stickers to make ends meet.

"That [buying merchandise] is the best way to support a band right now," said James.

Evergreen Terrace is travelling on the Vans Warped Tour, which features dozens of bands in a day-long event. James said the band is hoping for exposure to new fans on the tour, which started in California last week and moves throughout the country over the next two months. But it's going to be expensive.

The band, which is sharing a bus with another group, estimates its expenses on the tour will be about \$80,000. The money it receives from the tour's promoters will only cover about a third of that, James said.

For the most part, the band gets to keep all the money from its merchandise sold along the way, he said. Some, but not all, of the venues on the tour do take a cut of merchandise sales, though.

Later this year, Evergreen Terrace will be touring Europe and Japan, where they hope to build a bigger fan base. And they're also hoping the weak U.S. dollar will entice overseas fans to buy more merchandise.

For bigger-name acts that headline a concert, touring is big business and can make up for the drop in music sales. Pollstar, a concert industry trade magazine, reports that North American major concert ticket sales have continued to rise in the past 10 years, and grew by 8 percent to \$3.9 billion last year.

That growth has been fueled by big increases in ticket prices.

The average ticket for the top 100 tours has more than doubled from \$29.81 in 1997 to \$62.07 last year, Pollstar said. But the price increases leveled off some in 2007, with the average price rising by only 49 cents.

The strong concert business has helped Jacksonville native Derek Trucks.

"Luckily for Derek, he's really built his career on touring," said Blake Budney, Trucks' manager.

Trucks, who has been performing since he was a child guitar prodigy, has slowly built a fan base over the years, Budney said. The fact that he was recognized by Rolling Stone as one of the top 100 guitarists of all time has certainly helped him as a concert draw.

Trucks' fans are less likely to download his songs. Budney estimates that only about 15 percent to 20 percent of his music sales are digital.

"I think there's a significant part of his fan base in their 40s and older who are still tied to the physical music," he said.

But even if that audience stops buying CDs, Budney expects Trucks to still do well.

"It's nice to have that touring business to count on," he said.

Although Shinedown has had successful CD sales in the past, the band is also counting on touring. Smith said he expects the band to tour for two or three years behind its new album.

"At the end of the day, we're still a touring band," he said.

#### Shinedown: THE 360 deal

The Jacksonville band's record company gets a share of all of the group's revenue, including concert tickets, merchandising and licensing. In the past, a record company would earn its money by taking a share of the record sales alone.

#### Evergreen Terrace: On Their Own

The Jacksonville band is traveling on the Vans Warped Tour, which features dozens of bands in a day-long event. But the tour isn't covering the costs for the band. It makes money from merchandise sales - and the band members still have regular jobs.