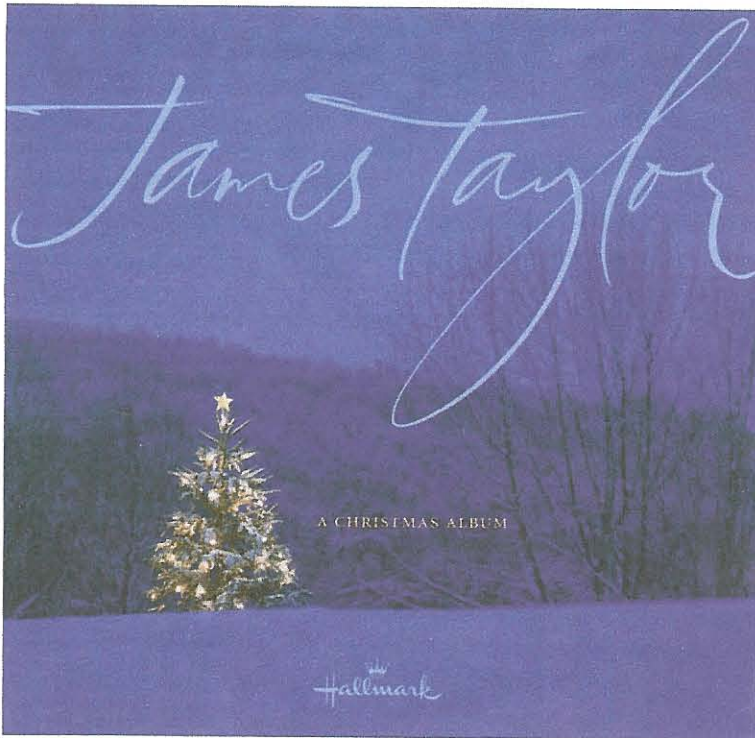


MADISON+VINE



DECKING THE MALLS: Card buyers can pick up the holiday CD for \$6.95.

Musicians seek new channels to peddle wares

Hallmark distributes James Taylor CD

By T.L. STANLEY

WHEN GRAMMY-winning singer-songwriter James Taylor puts out his first Christmas album this winter, he'll bypass every music and big-box retailer in the country. Instead, the record will be sold exclusively at 4,200 Hallmark Gold Crown stores, where on-site exposure will be extensive, direct mail and online marketing will be heavy, and a consumer offer will bring the price down to an impulse-buy-friendly \$6.95.

Mr. Taylor, a multiplatinum artist, is one of a growing number of musicians looking for alternative distribution and marketing avenues

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at a time when the record business continues to struggle and some consumers swap rather than buy.

Record labels and the artists they represent are actively pursuing deals with wireless carriers for ring tones and other content, aligning with the gaming world to embed songs into video games, and creating kiosks at concert venues that will burn the night's performance onto a CD on the spot.

The Internet, arguably the epicenter of the music industry's woes because of illegal downloading, has become an indispensable promotional tool. As technology improves and broadband becomes more widespread, labels and artists are increasingly pushing out samples of music and offering exclusive content, like a live recording, for download.

GENERATING EXPOSURE

"Almost any alternative to free is good," said Ronnie Lippin, president of Lippin Group, Los Angeles, who helped put the Hallmark deal together and who works with artists like Eric Clapton, Prince and Brian Wilson. "Artists don't want their music bastardized, obviously, but whatever is going to work to generate exposure is OK."

The road to selling music is fraught with challenges these days. There's been a decrease in purchases among the heaviest music buyers, defined as those between 10 and 24 years old, according to statistics provided by the Recording Industry Association of America. Tweens, teens and young adults made up 33.7% of music buyers in 2002, but just 30% in 2003. A study from Voter Consumer Research said that 33% of 18-to-24-year-olds who download music said they bought less than in the previous year.

The NPD Group found, on a See **MUSIC** on Page 24

Music

From Page 4

brighter note, that more CD buyers are also purchasing from legal digital services like iTunes and Buy.com and those services are attracting people who buy more music than the average consumer. At the same time, fewer heavy music buyers are using illegal download services, NPD reports.

The media landscape, meanwhile, is overcrowded. Radio airplay and heavy MTV rotation is more difficult to come by, as is shelf space and promotion at retail.

That's led artists and their labels to rethink traditional distribution and marketing. Warner Music Group launched an ad campaign for punk band Green Day as added hype for the upcoming CD "American Idiot," specifically for their music tones and voice tones. Hip-hop artists, who have been at the forefront of the wireless wave, are signing new deals every day. Snoop Dogg and 50 Cent aligned with ring tone service Zingy to sell images and voice messages. Pop icon Madonna and m-Qube are partnering so that her fans can download ring tones and mobile content directly from her Web site. Most major carriers are involved, and charges for the music will show up on consumers' cellphone bills.

"It's a brand extension," said Ben Patterson, director-new media at The Firm, Los Angeles, home to Snoop Dogg, Linkin Park, Korn and Limp Bizkit. "It gives you more im-

pressions, and you want to take advantage of every opportunity to get the music and the artist out there."

It's also big business for the wireless carriers. One of the most aggressive in the area, Cingular Wireless, made content deals with the five major Hollywood record labels early this year and now offers nearly 1,000 music clips (snippets of the actual song) and 4,000 polyphonic ring tones.

A MEDIA COMPANY

"We went from being a phone company to being a media company," said Mariana McGuire, Cingular's music product manager.

Ring tones pulled in some \$50 million industry-wide last year in the U.S., Ms. McGuire said, and are expected to jump to \$1 billion by year's end.

In the same way, Hallmark looks at itself as an outlet for music and not just a mall-based card and gift seller. For the holiday James Taylor release, the chain plans to do national print ads and a radio campaign, in addition to three separate direct mailers. The chain has sold music before from such artists as Tony Bennett and Natalie Cole, always with exclusive tracks. Executives plan to sell a Martina McBride CD pegged to Valentine's Day.

"We were an untapped area for a long time," said Ann Herrick, Hallmark's integrated marketing manager. "But now that the labels see the real estate and the marketing we can put behind a CD, they've started to send us their release lists." ■