

Marketplace

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Radiohead lets buyers name their price

CD music sales continue to decline. But the popular alternative British group Radiohead is trying something new. They're making a key change in their sales strategy. Lisa Napoli reports.

TEXT OF STORY

BOB MOON: It was the same old song from the music industry in the quarter that just ended: CD sales stink, stank, stunk. Nielsen Soundscan says album sales are down more than 14 percent over this time last year.

And digital sales aren't making up for it. Seems people want to buy individual songs, not whole albums. If they pay for the music at all, that is.

Then there's this news from the popular alternative British group Radiohead. Marketplace's Lisa Napoli tells us they're making a key change in their sales strategy.

LISA NAPOLI: The band Radiohead says fans can download its new record right from its Web site -- and that they can decide how much they want to pay for it:

BRIAN ZISK: They're going direct to the consumer. They're cutting out the label, the distributor, the retail store.

That's Brian Zisk of the Future of Music Coalition. Now, this isn't the first time an artist has Xed out the middleman. And some have gone so far as giving away their music for free -- like Prince did recently when he stuck his new CD into British newspapers.

But NYU professor Aram Sinnreich says Radiohead's publicity stunt is the latest indication the music industry's being turned on its ear.

ARAM SINNREICH: Well, see the labels are really good at a few things. They're really good at making you famous. But what they're not so good at is actually paying artists.

Sinnreich says fewer than 5 percent of all artists ever see a royalty check beyond the advance they get from record labels. So even if fans pony up a low-ball price for this new album, it's likely Radiohead could make even more than it would the old-fashioned way -- because it gets to keep all the cash.

Music industry veteran Ted Cohen says the group also earns goodwill:

TED COHEN: They're not treating their fans as potential criminals, they're treating them as partners.

Music industry lawyer Ken Hertz says the new record is beside the point here:

KEN HERTZ: Music is the best way to sell other stuff.

...like concert tickets and T-shirts, which is where bands really make their money.

In Los Angeles, I'm Lisa Napoli for Marketplace.



Thom Yorke, singer of the band Radiohead. (Stephane de Sakutin/AFP/Getty Images)