

ALBUMS: IS THE FORMAT REDUNDANT?

Unbundling the Album: A Business Case for Releasing Single Songs (by Frank Woodworth of Glacial Concepts)

There are many examples of the benefits of working in harmony with nature. When first venturing out beyond home a child is taught to walk with traffic. A carpenter achieves a cleaner result by going with the grain rather than against it. In sports a team succeeds by taking advantage of what the defense gives them, and there are countless other examples that express why it is better to work with the flow rather than push against it. For the past ten years the recorded music industry has ignored this strategy, and stubbornly clung to a business model that is no longer in harmony with the way people consume music by predominantly releasing albums in a single song economy.

According to Nielsen Soundscan, in 2011 there were 1.374 billion digital transactions last year. Of those only 103 million or 7.5 % were for albums. This means that approximately 1 out of 14 times a consumer went to buy music online last year they purchased an album. First with Napster and MP3s, then iTunes and the iPod, and now with streaming services like Spotify and Turntable.fm, the music consumer has repeatedly demonstrated that they prefer single songs to albums. Despite this fact, nearly 77,000 albums were released last year.

Rather than change strategy to work with this reality, most people in the industry just complained that it wasn't fair, and continued the status quo. I believe there are several reasons for this. The first reason is that labels believe they can make more money selling albums. The second, is that marketing and sales processes were built for the album system and that makes it difficult to change. The last reason is because artists believe they are supposed to make albums either as a musical statement or as validation of their professional status.

This essay will attempt to prove that all three of those reasons are not necessarily true, and that selling single songs can be better promotionally, artistically and financially for artists and labels.

Layout of the Song Based Release Strategy

There are three key rules to the successful execution of the song based release strategy.

Every song is given a reasonable amount of time to stand on its own.

Every song receives its own unique marketing plan.

No song is available before it is promoted.

After that there are limitless ways to release the music. An artist can release a song every week, every month, every day, or every third Monday. It doesn't even have to be uniform. It really doesn't matter how the music is released, as long as the philosophy that every song is important in its own way is embraced.

Why this strategy works promotionally

Not only do consumers prefer music in a single format, but the outlets for music promotion are all focused on single songs as well. Some of these formats are:

Radio: The bread and butter of radio is singles. Album Oriented Radio died when radio started hiring consultants in the 1970's.

Blogs: Blog posts are usually about one or two songs. The biggest aggregator of blogs, The Hype Machine, focuses on songs instead of albums.

Club Promotion: By definition the DJ at a club or bar will provide a steady mix of songs. It is quite the rarity to hear a whole album played in a club with the exception of a listening party.

Synchs for Commercials and TV: For reasons of time, cost, and artistic expression, individual songs are usually featured as synchs rather than albums.

Music Videos: Music videos are primarily made for one song. There are exceptions to this rule, but they are few and far between.

The two promotional avenues that focus on the whole album are preview streams, which have the drawback of lasting for only one or two weeks, and album reviews. Album reviews have come to mean less and less each year as newspapers and magazines cut space and syndicated their copy. They have also lost their main purpose of previewing an album when consumers can decide for themselves whether they like an artists on streaming sites. The editor in chief of Spin Magazine recently cited that exact sentiment as justification for why Spin would be relegating the majority of their album reviews to 140-character tweets.

In addition to working in harmony with the promotion outlets currently available for music, there are several other benefits of the song-based release strategy in terms of marketing.

The first is always having new assets to promote to the media. One thing that occurred because of the digital age is content has a much shorter shelf life. The Internet is a voracious beast and is always hungry for more content. Importance is placed on newness and exclusivity. In a song-based system there is always something new to engage the media. If an album of songs is released you lose that newness factor when pitching for placement.

The second is that it creates a platform to consistently engage fans. In the current media landscape, attention is the most valuable commodity. By consistently releasing new material, an artist has an opportunity to engage their fans much more often than the year or more that commonly occurs between album releases.

The third is that it gives consumers a chance to know what they are buying. This eliminates the feeling of betrayal or trickery when buying an album based on a single song and finding out the rest of the songs are either poor quality or just not their cup

of tea. The best analogy I can use to explain this is the DVD compilation release of a TV show. Fans buy a DVD of a show after having seen the complete season. If DVDs of television series were marketed the way music albums were, a 12-episode season would have one show picked to be played on television repeatedly in the hopes that it would drive people to retail stores to purchase the whole series DVD. It is not an exact comparison, because of the variety of differences in how the two are monetized, but I still think it illustrates how bizarre the current album-marketing paradigm is.

Why this strategy works artistically

First, I want to be clear that this method doesn't mean that an artist can't create a full album of songs, or even a concept album. It only changes the order and format in which it is released. This results in the album not being fully experienced until all the songs are released and collected by a fan. The baseline question that needs to be confronted when evaluating this method is "Is it absolutely necessary that the first time a fan hears my album is in its entirety?" If the answer is no, then a song based strategy can work artistically.

After that hurdle is cleared — and there should be very few bands that should answer the above question with a yes — there are several reasons why this method can lead to better artistic expression. First it forces artists to step up their game. This method puts every song on a pedestal or under a microscope. The temptation to phone it in on an "album track" is eliminated. It might be a little hyperbolic but I hope that it could usher in a new golden age of songwriting.

The next advantage is release flexibility and the opportunity to be timely. Presently, there are a number of obstacles to releasing a song about current events in the middle of an album cycle. No matter how relevant or great the song is, there is a tendency to not put full promotion behind it, because the song will not drive album sales. With the song based method there is greater flexibility to interrupt the release schedule with a timely or important song, because there is less financial disincentive.

The last advantage is counterintuitive in that it allows great albums to stand out. The true concept albums become something worth noting. If song based release strategy becomes the dominant model, and some group has another Sgt. Pepper or The Wall in them, then it will stand out. If they don't, and have just another average album, then they will have given up their shot at sustained revenue.

Why this strategy works financially

This leads to the most important questions for whoever has invested in the music. Is the sustained revenue of singles equal to or greater than the lump sum of album shipments and sales? In terms of pure revenue from recorded music there is a relatively simple equation to determine how many singles an artist would need to sell to equal the money generated from the current combination of album shipments and individual track sales. This is:

$$((\text{Album } \$ + \text{Track } \$) / \# \text{ Tracks}) / \text{Single Wholesale} = \text{Average Sales Per Track}$$

Using hypothetical sales figures it would look like this:

Traditional album release A

10-track album

50,000 albums x \$6.50 wholesale = \$325,000

200,000 tracks x \$.70 wholesale = \$140,000

$((\$325,000 + \$140,000) / 10) / \$.70 = 66,428$ average sales per track

Traditional album release B

12-track album

1000 albums x \$6.50 wholesale cost = \$6,500

13,000 tracks x \$.70 wholesale cost = \$9,100

$((\$6,500 + \$9,100) / 12) / \$.70 = 1,857$ average sales per track

After doing this initial equation for either previous or projected album sales the next step is to look at how the track sales were divided on previous releases to determine the possibility of meeting or exceeding the target average sales per track. As this is a subjective process there is no exact mathematical formula that will work every time, but I have two formulas that will give a rough idea of how a release will fare with this strategy.

Formula 1

$(\text{Sales of the promoted singles} + \text{average of all other singles}) / \text{promoted singles} + 1$

If that number is greater than the average sales per track needed, then a singles based release strategy is probably a safe bet.

Formula 2 (which is really not a formula and only for veteran artists)

Average first two week albums sales = core audience.

If the average of first two weeks of all an artist's album sales is greater than the average sales per track needed then a singles based release strategy is likely worth pursuing. This method does not work for artists with one album that experienced great success after a slow build ala Mumford and Sons.

If, after running the numbers, it is still not clear what release strategy is best, there are two other financial incentives to the song based release strategy to consider. First it eliminates the phenomenon of putting all your eggs in one basket and in turn spreads out risk when developing an artist. In this case the basket is the single.

There is nothing worse than the process of picking a single. In my experience it is usually a bunch of music executives sitting in a conference room listening to two or three tracks with their most intense faces, maybe with a couple of head bobs to let you know that they really feel the music. It is very funny to watch people try to indicate that their sense of hearing is working.

Then comes the debate. There is a discussion of what is currently on the radio and how the potential songs fits in with rest of the music landscape. There is sometimes research brought in to show what test audiences have thought of the songs. After that it is gut feel and a bit of magic to reach consensus and a single is picked. That is it. A

half hour in a conference room determines the trajectory of an entire album campaign in both focus and budget allocation.

If that single doesn't work it doesn't matter how many people would have liked the other songs the artist created: they will never get exposure, because of a lack of marketing funds. The majority of the budget was devoted to creating awareness for that one single, and this does not seem like a very efficient use of resources.

The second benefit is for business arrangements where there are income streams that are not directly related to recorded music, namely touring. One of the big issues that bands have is making sure there is something new to promote around a tour. Song-based release strategy makes it possible to always have something new for fans and to either be considered for tour packages or have a story for promoters. By spreading out the release of new material, the artist will increase the demand for their other revenue streams.

The last benefit is better management of manufacturing expenditures. For labels, one of the toughest costs to predict is the amount of physical albums to manufacture and ship. For developing artists, manufacturing their first run of CDs will usually cost several thousand dollars. The song-based release strategy helps determine what the demand is for the project and consequently physical product.

Conclusion

This article shows that a song based release strategy has promotional and artistic benefits, and that it is feasible financially. There are many factors for why certain artists or albums succeed and others fail. The release strategy is just one of those factors and will never be fully responsible for either the success or failure of an artist. There will be times when it won't work out, but the album release system doesn't always work either. Nothing works all the time, and nothing is the perfect solution for every situation. The premise was that it can work, and I believe this shows how it can. Of course, this can never truly be proven until artists and labels take the plunge and start releasing their music as individual songs. I hope they take that chance.

Common arguments against this theory and my responses

When writing this essay I floated the concept out to many people both in and out of the music industry. I received several common responses:

1. This will never make enough money if music moves to streaming as a dominant listening habit: If streaming makes no money, then whether music is released as an album or as individual songs will be irrelevant. At that point other revenue streams become more important, and I would argue that the ancillary benefits of always having something new to promote and to engage an artist's fans still makes the song based release strategy the more attractive option.

2. It is easier to record as an album: Agreed, but his strategy does not preclude an artist from recording a whole album at once, which I know is a much more efficient and cost effective way of creating music. It is focused on how that music is released after it is recorded.

2a. But what if all the tracks leak?: This is definitely the weak point of the strategy. A leak is much more detrimental to song based released system as it effectively destroys the advantages of letting each song stand on its own, and the newness quality when promoting. The only counter I have is that music most commonly leaks when it is submitted for manufacturing. As manufacturing is delayed or eliminated in this model, perhaps it would curtail the practice of music leaks. I am not certain of that though, and it is a risk.

3. This would kill record stores: There are many factors at work in the decline of physical music retail. Song based release strategy is meant to work in harmony with the existing trends, it did not initiate them. The one positive is that after a little while record stores would have a lot more data available to gauge demand. There are many instances of something that was available online first finding a successful second life in music retail for latecomers to the band. Radiohead's album, In Rainbows, is the best example. After the pay what you want experiment the band released it in stores and still had a #1 album. This method could ensure that only the albums with the most demand are in stores eliminating the phenomenon of shipping platinum and returning gold.

4. This won't work if you want to go to radio: The question that needs to be answered here is whether the network effects of radio play of one or two songs will result in enough artist affinity to drive sales of the non-radio singles. When coupled with the other promotional methods for those songs, I think they will. The other possible benefit of this method would be that radio might go back to playing a diverse group of songs, as singles will no longer be dictated to them. Every song is promoted, and radio can once act as a filter instead of a megaphone.

Information that could make this article better

There are several pieces of information I do not possess that would make this article better. These are:

Exact sales numbers: With the Soundscan artist history (including track sales) of a large sample of artists I can run the formulas to see if there are trends between album releases and single sales.

My ideal major artist data subset would consist of a complete artist history including track sales for a selection of artists across a variety of genres.

Katy Perry
Black Eyed Peas
Kanye West
Little Wayne
Adele
Norah Jones
Mac Miller
Jon Lajoie
Zac Brown Band
Jason Aldean

Foster the People
Civil Wars
Train
Hinder
Disturbed
Pearl Jam
The Rolling Stones

Albums vs. Singles revenue from Tunecore: With this information it would be possible to go beyond the Soundscan data and look at the trends of independent artists.

Album streams vs. single song streams from Spotify, Mog, RDIO or Rhapsody: With this information I would be able to determine if listening habits change from singles to albums when streaming. Anecdotally I don't think they will, but I do not have empirical evidence of that.

A case study – An artist who has released their album as a selection of individually promoted songs is the best way to prove the theory works.

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