

Music stars 'still need labels'

By Ian Youngs

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Record labels have put the case for why they are still essential in the digital age.

Global music industry body the IFPI said it wanted to counter the "myth" that artists can make it on their own.

In a report, it said virtually no new artists had broken through without the backing of a record label.

Major labels invest \$1m (£670,000) in each new act, who could not afford to make records and videos and go on tour without that backing, the IFPI said.

Record labels around the world spend a total of \$5bn (£3.3bn) a year on developing and promoting new and established artists.

IFPI (International Federation of the Phonographic Industry) chief executive John Kennedy said attempting to forge a career online, competing with millions of other acts on MySpace, was like "screaming in space".

"There's not really any evidence of anybody succeeding having gone direct," he said.

"Even artists who are typically described as having broken from the internet like Arctic Monkeys, Lily Allen or Sandi Thom all ended up combining with a conventional record label."

Those artists all garnered early attention on the internet but did not achieve mainstream success until they signed record deals.

Others, such as Radiohead, Dizzee Rascal and Simply Red, have all struck out on their own - but only after building up their careers with labels.

The IFPI's estimated \$1m budget to launch a new star, described as "very conservative", includes the artist's advance and fees for recording an album, filming three videos and promoting the releases.

If that artist is successful, much of that outlay will be deducted from their royalties. But label executives point out that they take the risk and recoup their investment in fewer than one in five cases.

Columbia Records boss Mike Smith, who signed acts like The Ting Tings and Mark Ronson, said: "Behind every record that you buy, a record company's been putting often millions of pounds into getting that record to them, and to help an artist realise a creative vision.

"I wish there were other people investing the kind of money and expertise that we do into new artists, but unfortunately that just isn't happening."

But Jeremy Silver, chief executive of the Featured Artists' Coalition lobby group, said labels were signing fewer artists than ever because budgets have gone down, and artists were beginning to be able to make a living without them.

"The combination of touring, playing live and working online is really starting to make a difference," he said.

"Increasingly we're starting to see artists emerging that are selling out venues without having had any mainstream exposure whatsoever and without the involvement of a major record label, but having developed fan communities online who know about them.

"They indicate a future opportunity for a much more varied set of approaches for building a career as a musician."

Article Source: <http://news.bbc.co.uk/2/hi/entertainment/8557734.stm>

RECORD LABEL BUDGET FOR A NEW POP STAR

Artist's advance - **\$200,000**

Recording - **\$200,000**

Making three videos - **\$200,000**

Touring - **\$100,000**

Promotion and marketing - **\$300,000**

Source: IFPI