

MUSIC

Radical Remix. Radiohead's new release is rebellious. Not the songs—the business model. It could make record companies and iTunes irrelevant

BY JOSH TYRANGIEL

RELEASING AN ALBUM WITH A MAJOR RECORD label is similar to giving birth. It usually takes nine months, and the pain can be unbearable. Even at its most efficient, the process requires the input and assent of retail conglomerates, lawyers, marketers, radio promoters and CD manufacturers. And if the project is a runaway success, it

might bring in half the revenue it would have a few years ago.

The members of Radiohead—five prosperous, educated and reasonable men whose major-label contract with EMI expired in 2003—decided that the process could be streamlined. So last week guitarist Jonny Greenwood announced on the band's official blog that a new album, *In Rainbows*, would be available on Oct. 10

only at Radiohead.com. With a few words, the labels and middlemen were cut out of one of the most anticipated releases of the year.

Not that *In Rainbows* is priced to generate a windfall. While a deluxe boxed-set version for superfans is available for \$80, the downloadable album's 10 songs have no price. Drop them into the online checkout basket, and the register says

pricing" scheme. "That's the interesting part of all this," says an American hip-hop producer. "Radiohead is the best band in the world. If you can pay whatever you want for music by the best band in the world, why would you pay \$13 or 99¢ for music by somebody less talented?"

Radiohead has so far declined to comment on its motivations, but Donald Passman, the band's music attorney and author of *All You Need to Know About the Music Business*, insists his clients aren't on a crusade. "What this is all about is that they wanted to get their record to all their fans at the same time. This is not meant to be a model for the industry," he says.

Neither was file sharing, but it didn't quite turn out that way. In any industry, the most efficient distribution system has a way of prevailing. Sure, new acts without loyal fan bases would be ill served by the Radiohead strategy. But successful bands at midcareer would be wise to take note. Even the most lucrative deals—the ones reserved for repeat, multiplatinum superstars—give artists less than 20% of the sales they generate, and that has to feed multiple band members. Meanwhile, as CD sales decline (in early 2007, they were down 20% from early 2006 in the U.S. alone), the concert business is booming. In July, Prince, long underestimated for his business acumen, decided to turn his most valuable asset—a buzzed-about record—into a loss leader, flooding the U.K. with 3 million free copies of his *Planet Earth* CD through the *Mail on Sunday* newspaper. He was ridiculed for going down market, until he announced 21 London concert dates—and sold out every one at prices five times the suggested retail price of a CD. Not surprisingly, Radiohead has an extensive tour planned for 2008.

If *In Rainbows* blazes new possibilities for established bands, it could also provide labels with a chance to redefine their business. The majors can still be influential and profitable by focusing on younger acts that need muscle to get radio play and placement in record stores, or they can continue the recent trend

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of signing mature acts to "360 deals," in which they participate in profits from nonrecord income streams like touring and publishing.

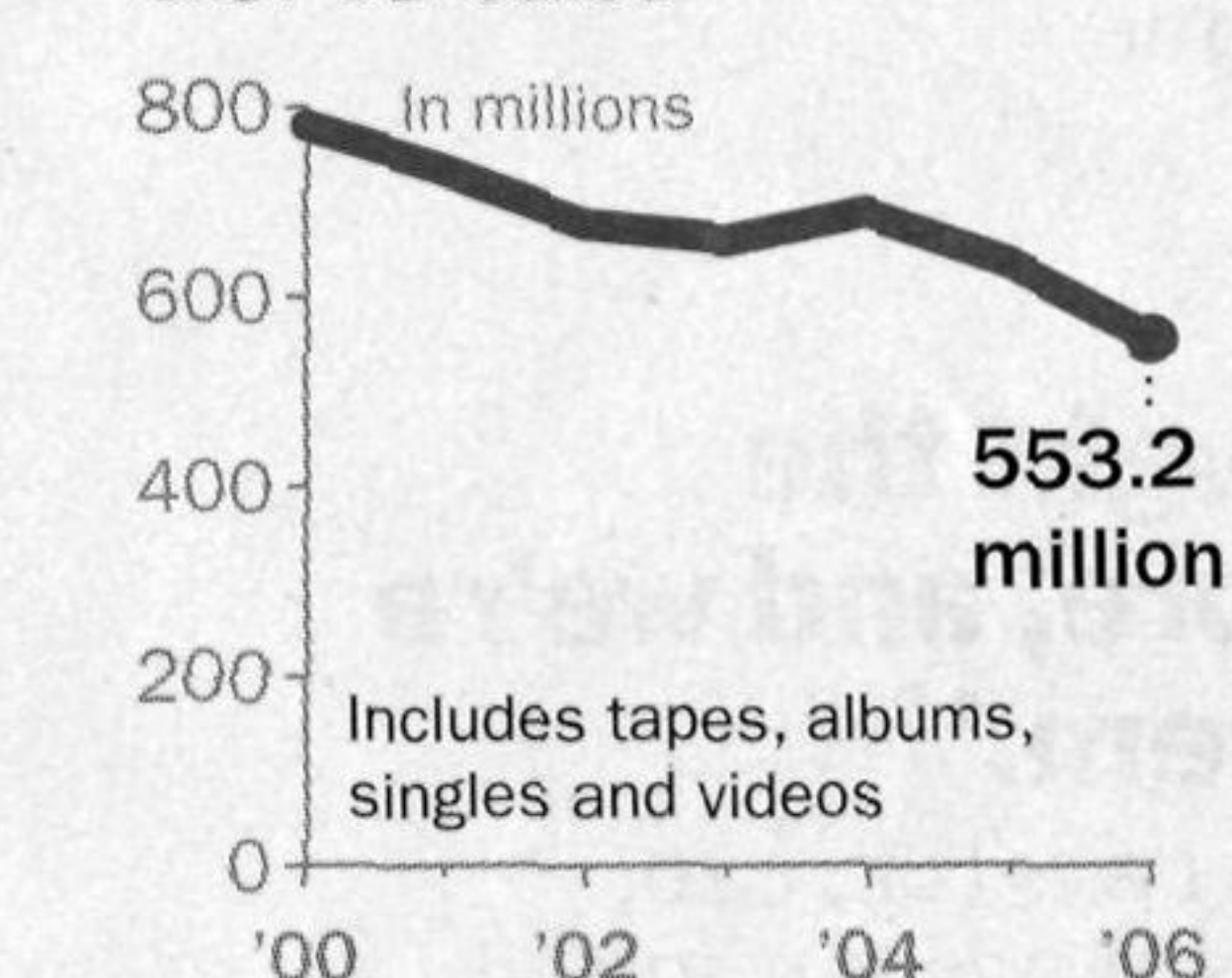
But the smartest thing would be for the majors to collaborate on creation of the ultimate digital-distribution hub, a place where every band can sell its wares at a price point of its choosing. Apple's iTunes, despite its current dominance, is vulnerable. Consumers dislike its incompatibility with other music services, and the labels are rebelling against its insistence on controlling prices. (Universal Music, the largest label in the world, has declined to sign a long-term deal with iTunes.) "There's real urgency for the labels to get together and figure this out," says Rick Rubin, the Grammy-winning producer turned co-head of Columbia Records. "I think what Radiohead is doing is really cool, and I went online and ordered the record. But until there's a model in place that gives the audience everything it wants in one place, there are going to be a lot of experiments like this. Some will work pretty well, others won't."

Sure enough, Radiohead.com was loading so slowly early last week that Greenwood posted an apology for the "gear-grinding." There's no question that most bands would prefer to off-load the responsibility of distributing their music, just as most consumers would prefer one-stop shopping for their music. But getting the major labels to work together is the equivalent of getting the five families to agree. Perhaps *In Rainbows* is the offer they can't refuse. ■

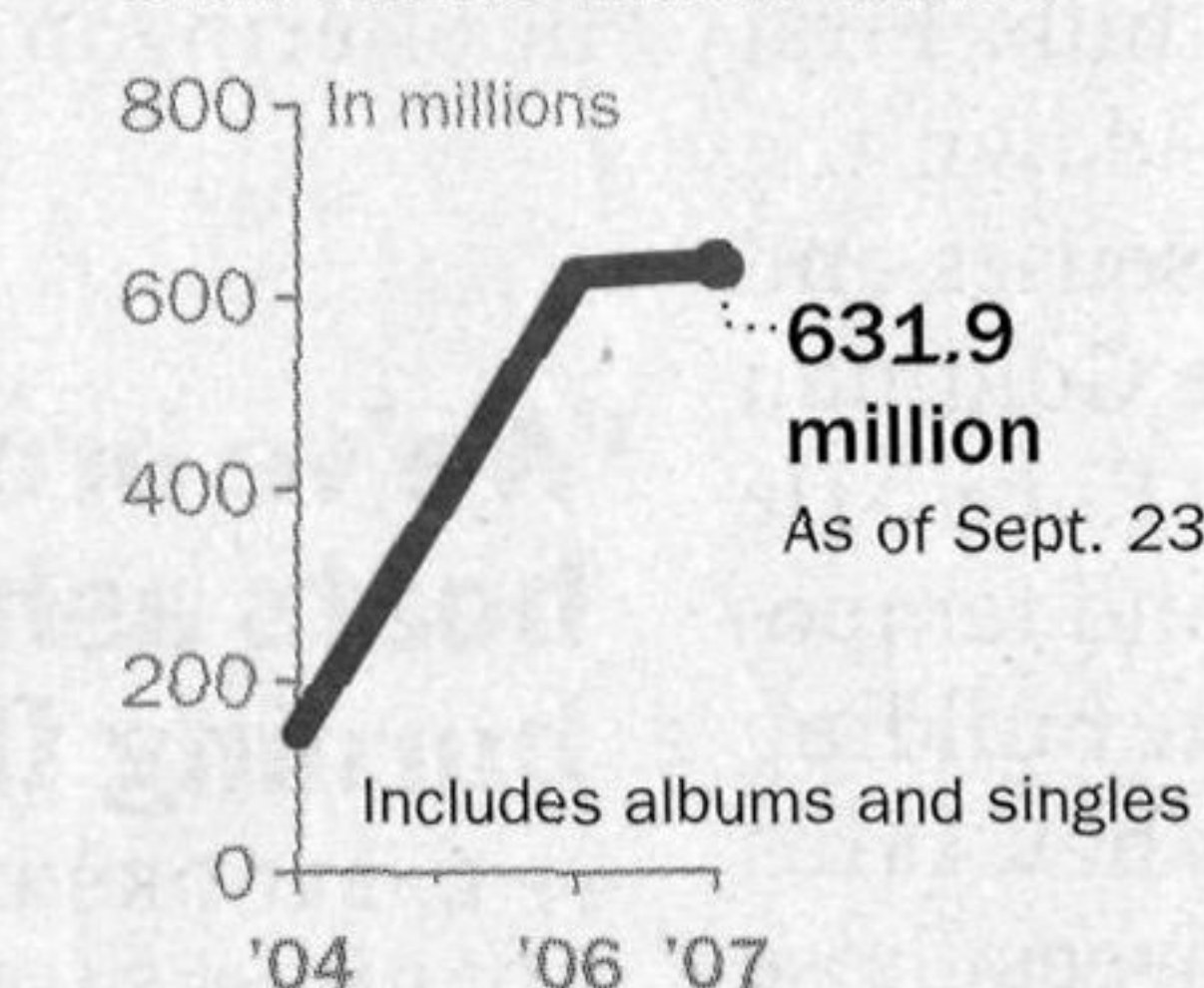
IT'S UP TO YOU. Click again, and the words IT'S REALLY UP TO YOU appear—and really, it is. *In Rainbows* is the first major release whose price is set by you. And it's perfectly acceptable to pay zero.

In an industry stuck in the financial equivalent of Hurricane Alley, *In Rainbows* is more than just another storm. "This could be the mother of them all," e-mailed an A.-and-R. executive at a major European label. EMI pulled in \$3.6 billion last year. It is a couple of Radioheads away from a musical New Orleans. Many record-company lifers were stung by the rejection of a band on a decade-long run of excellence, but the real damage could stem less from Radiohead's determination to go it alone than from its "stadium sound at museum

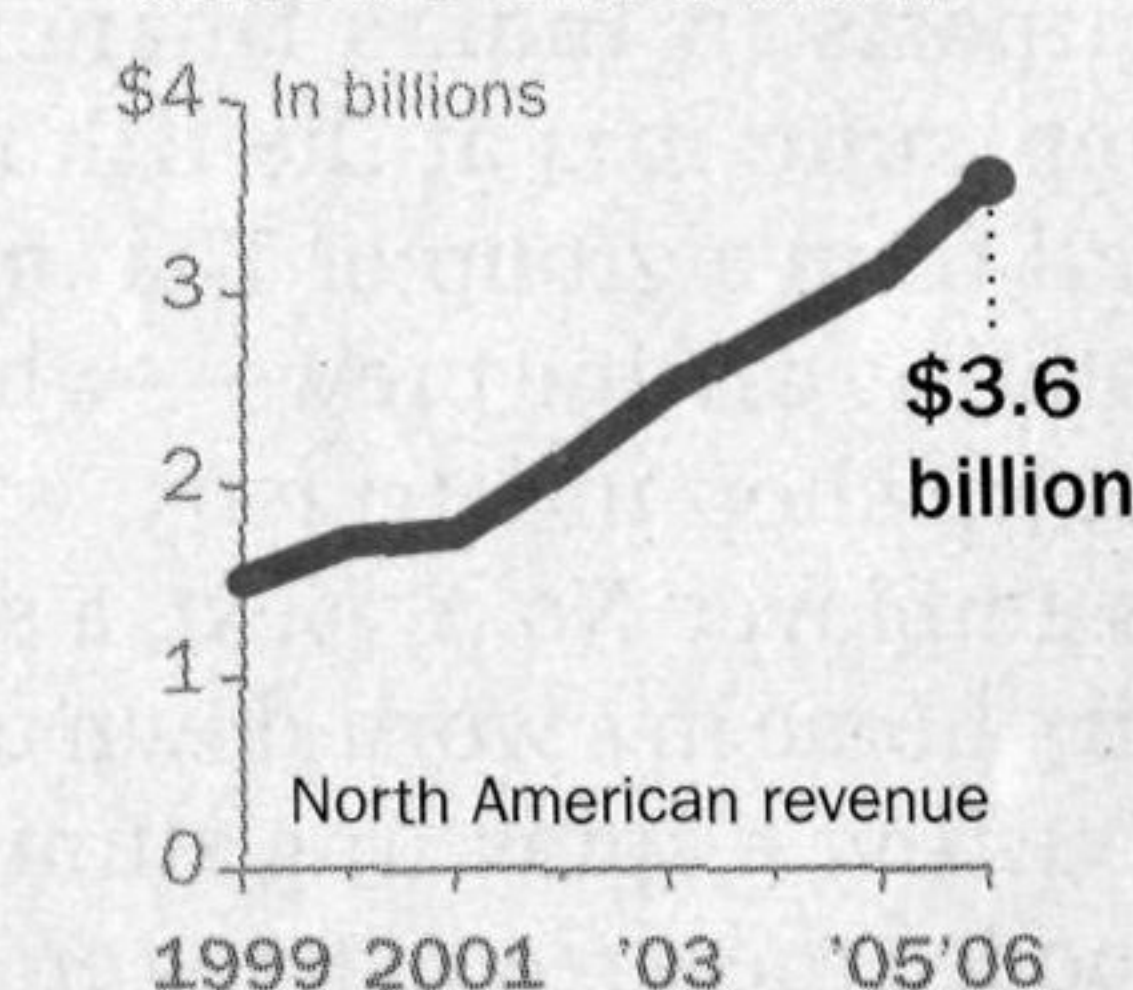
U.S. CD sales



U.S. online music sales



Concert ticket sales



Sources: Recording Industry Association of America; Nielsen SoundScan; Pollstar