
Free Web Music Spreads From Campus to Office 2

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LOS ANGELES, April 4 -- Late last year Glen Richards, a 37-year-old former computer programmer, decided to make his extensive collection of 78-r.p.m. jazz records from the 1920's available on-line at no cost to other enthusiasts. He created a Web site from his home in Houston and began converting his records into computer files using a method of digital compression known as MP3, which allows music to be sent quickly and easily over the Internet.

Mr. Richards knew that listening to music via MP3 files was popular with college students, much to the consternation of the recording industry. But he was unsure how many people had the computer power and interest to download MP3 files of obscure jazz tunes.

Five months later some 4,000 people had visited Mr. Richards's small, unadvertised site. Visitors from as far away as Yugoslavia, Croatia, Peru, Israel, Turkey, Malaysia and New Zealand were downloading music, among them an office worker looking for music for his mother and an animator in his 80's who lives in the Czech Republic. As for the legality of it all, Mr. Richards conceded, "It's definitely a gray area."

For the music business -- concerned with, among other things, protecting its copyrights -- the message is clear: downloading music from the Internet is moving beyond college campuses and into offices and homes.

Six months ago the typical MP3 fan was perceived as an insomniac college hacker. Nowadays an MP3 user is as likely to be Dilbert. "The college focus is probably not entirely accurate," said Michael Robinson, the chief executive officer of MP3.com, a Web site offering free songs for download from 7,000 mostly unsigned bands that are eager for the exposure. Commenting via E-mail, he continued, "The real story is that MP3 has incredibly quickly evolved into a full-blown mainstream movement."

A few weeks ago the most popular file to be downloaded from MP3.com was, surprisingly, a classical composition, Beethoven's "Moonlight" Sonata, performed by Richard Morris, a 66-year-old pianist from Cincinnati. The piece has been downloaded almost 100,000 times in the last month, mostly from Internet addresses in corporate offices and government agencies, said the music's producer, Mike Wathen. (For

comparison, a classical album is considered a substantial success if it sells 70,000 copies as a new release.) And all this attention despite a reviewer's comment in American Record Guide that the recording was the worst he had heard in years.

For recording companies this is all happening too fast and too soon: the rapid acceptance of listening to music as MP3 files, which are almost CD quality, instead of on actual CD's, has caught them unprepared. (MP3 -- short for MPEG-2, Layer 3 -- is one of the systems developed in the last few years for digitally encoding music.) Anyone with a decent Internet connection can easily download, at no cost and within minutes, software to play MP3 files, programs to convert music from CD's into MP3 files, and the music itself. A total of more than half a million songs and albums already exist on-line. By Christmas, industry analysts expect that an accompanying stereo market will grow with consumers purchasing one million portable devices for playing MP3-format music.

Taking the Offensive Against Free Music

To limit unauthorized music sites, the recording industry has begun a counteroffensive against fans, profiteers, Internet search engines, manufacturers of MP3 players and even some of its own artists who have put their music on-line. The Recording Industry Association of America, a trade group representing the major record labels, says that every week it shuts down hundreds of sites.

Meanwhile the association is racing to develop by Christmas a system for downloading music that protects against unauthorized copying. Mark Hardie, a senior analyst at Forrester Research, a Cambridge, Mass., market research company, said that once the slow-reacting major labels begin making music available for sale through digital download, likely to happen next year, "the market will grow outrageously."

Mr. Robinson of MP3.com, which like most legitimate sites offering free downloads makes its money through advertising and selling consumer marketing information, has noticed that the peak time that music is listened to on his site is 1 P.M. on weekdays. Weekend downloads have dropped dramatically.

This, he said, suggests office workers are looking for music during lunch. He added that less than 5 percent of the music downloaded on his site, where some one million songs are downloaded a week, comes from college E-mail addresses. This is a trend confirmed by another popular site for music downloads, a2bmusic, which uses a more sophisticated digital compression system. Educational servers have dropped to just 7 percent of traffic, and peak downloading hours are from 11 A.M. to 2 P.M. on weekdays, a spokeswoman said.

Office workers, like students on campus, often have high-speed Internet connections that make quick work of downloading music files that would be more inconvenient to do through a modem connected to regular phone lines at home.

Last year Bryan Guilliams, a 26-year-old software developer in Houston at a technology service company, found out about MP3's from his brother, a college student. Excited, he began teaching his office mates how to download a software program called Winamp to play MP3's on their

computers. "At first it was just a couple of us using MP3's, now it's 10 or 15," he said. "We all use our computers as stereos."

At work, employees bring in CD's, encode them as MP3 files and make the music available to others through the office's internal computer system. Along the way they have solved a nagging office problem.

"Before, we'd go to each others' desks, grab CD's off the shelves and forget to give them back to each other," Mr. Guilliams said. "Using MP3's simplified the process. It chews up your system resources a little bit, so I do it while I'm at lunch. This afternoon, I put 'Rift' by Phish up there."

According to the Recording Industry Association, the problem is that copying and sharing CD's with a large group has suddenly become far too easy. Although there are sites where music can be legally downloaded at no cost or for a small fee, there are also thousands of computer users like Mr. Guilliams distributing their favorite CD, concert bootleg or even new, unreleased material from an artist in the same way that they used to trade cassette tapes.

Behind every unauthorized download there are a few pennies in missed royalties for songwriters and record labels.

Though some MP3 listeners say discovering new music encourages them to buy more CD's, others say it keeps them from buying an entire CD just to hear one song. But the recording industry believes that the net effect could be a drop in sales. In a recent survey on music consumption, the Recording Industry Association concluded that a decline in the proportion of music purchases made by 15- to 24-year-olds could have been because of the "availability of free MP3 files," though Hillary Rosen, the association's president, has since said that there was no hard data to support this assertion, which was made in a release without her consent.

Advocates of downloading music, however, say that it is not unauthorized music copying that has the industry upset. Rather the fear that if any musician can send music around the world instantly on the Internet, the recording companies would lose their control of music distribution.

"The record establishment thinks they know everything, but they've miscalculated," said Mr. Wathen, 48, of the Richard Morris Beethoven CD he produced. "I think this MP3 stuff is going to destroy the music distribution system that's so entrenched in the United States. The fear is not about piracy, it's about somebody like me. I spent \$7,000 on that CD, and I can get around all their mechanisms." (Although the CD has sold only 100 copies despite its Internet popularity, Mr. Wathen said he considered it a success because it promoted his new system for attaching piano strings.)

Last January the major record labels and technology companies first met to discuss the Secure Digital Music Initiative, which intends to set an industrywide standard for downloading music in time for the holiday shopping season, with compatible products available so that music could be distributed on-line with profits intact. The new standard would likely be a higher fidelity, copyright-protected compression method, which the industry hopes will lead people away from using the unrestricted MP3 format.

But in the meantime the music business is faced with the absence of a legitimate digital music marketplace coupled with a growing audience interested in downloading MP3's.

Last Christmas, Wonoh Kim, a 30-year-old student at the Georgia Institute of Technology, searched for holiday music in MP3 form for his daughter. He had no luck. By next Christmas all that is likely to change. On-line music companies like Goodnoise, one of the main legitimate sites charging consumers for downloading rock and pop songs, are branching out. "Our initial market was the 18-to-25 crowd," said Gene Hoffman, the president of Goodnoise. "But now we're changing our name from Goodnoise to Emusic.com. We are doing that to offer other genres for fans of jazz or swing or classical. Emusic classical is a name that will work, whereas Goodnoise classical would sound strange."

An Expanding Market For Downloaded Music

Frank Creighton, the associate director of the Recording Industry Association, has been watching as music downloading grows. He noted that in 1997, 60 percent of the sites the association shut down were from colleges and universities and 40 percent were from other Internet service providers. But now, he said, that number has flip-flopped. Most violators have not been punished, but a few, mostly repeat offenders selling music on-line without permission, have been named in civil lawsuits and fined. Others, as in the extreme case of a company in Houston that sold every Beatles album compressed onto a single CD as MP3 files, have faced criminal charges.

The record business has also tried unsuccessfully to get a preliminary injunction banning the first portable MP3 player, the Rio, a Walkman-like device made by Diamond Multimedia, claiming that it encourages piracy. In the industry's latest move, three major labels asked the Norwegian authorities to prosecute a company that provided data to a popular MP3 locator developed by the search engine Lycos. Critics say this step would be the equivalent of prosecuting a telephone company for listing escort services in its Yellow Pages.

In the United States the recording association is in discussions with Lycos and hopes the company will agree to direct consumers to only legitimate sites.

Playing on the Internet Without Label Support

The recording industry has also moved against some of its stars, including the Beastie Boys, Public Enemy and Less Than Jake. They have all been forced by their recording labels to take down MP3 files posted without label permission. Tom Petty received 150,000 downloads in two days when he put a song from his forthcoming album on the Internet, and he did so without support from his label, Warner Brothers.

One person who has experienced the offensive is 20-year-old Justin Trinkes. Before he dropped out of the Virginia Polytechnic Institute and State University last year, he received a call from a school administrator telling him that the Recording Industry Association had demanded that he shut down his site dedicated to the Dave Matthews Band because he posted two illegal MP3's. Mr. Trinkes took the site off-line for four days, then started it again.

"On my hall there were 30 to 40 people and most of them were running MP3 sites," he said. "That upset me more than anything because here I am getting busted for two songs while the guy next to me has gigabytes and gigabytes of illegal MP3's of popular bands."

Ms. Rosen, the president of the recording industry group, said the situation was not out of hand and that within two years there would be only one way to get music off the Internet, the copyright-protected way. She cited a recent survey by Soundata, a national music consumer study group, that sent questionnaires to 2,000 active music consumers and reported that only 7 percent of the group had heard of MP3.

But Mr. Hardie of Forrester Research said that 30 percent of the 13 million on-line shoppers were willing to download music, and another 35 percent could easily be converted in coming years to MP3 or other more advanced systems that are likely to surpass it.

Still, Ms. Rosen said she was optimistic. "I'm not Chicken Little about this," she said. "I still believe that the real on-line music market is coming, and MP3 hasn't taken away our opportunity to get it."

Photos: Bryan Williams, a software developer in Houston, and his co-workers share CD's digitally by putting them in a compressed format called MP3, a trend that record companies fear could reduce their sales. (F. Carter Smith for The New York Times); The record industry worries that portable players for MP3-formatted music will encourage piracy. (Marilynn K. Yee/The New York Times)(pg. A14)

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