

Can the music industry cry wolf any longer?

This is the only industry in the world that can see thousands of its retailers close, reduce the number of products it sells via cutbacks in artist rosters and albums released, cut back marketing and promotional dollars and then blame a reduction in sales on someone or something other than themselves.

That big bad boogiemán of piracy is blowing down everyone's house. The poor music industry. Except of course that there is nothing more than anecdotal proof that Peer to Peer networks hurt music sales, and to counter those, there are studies and anecdotal evidence that the sampling opportunity that P2P networks create actually help sales.

Of course, the other digital entertainment mediums have seen booming sales over the same period. Games. DVDs. VHS. Even books on tape have grown. I'm not saying anything new here, nor I am saying anything I haven't said before. Which leads to my points:

1. The amount of money the RIAA is spending, along with other lobbying efforts in the industry, could go to artists, and probably be better spent on marketing the industry and getting consumers excited, rather building a wall around your industry that only slows it down.
2. It's a crime that our politicians have fallen prey to your "please protect us please." Our country is in enough debt. We don't need to spend more to put legal walls around your industry. How long before we have tort reform for the music industry?
3. There are solutions that are simple. Learn a lesson from the cable and phone industry. Go to where people already are paying for digital access to your product, and for a little bit more money, give them a more product, legally and easily.

Why in the world haven't you gone to AOL, Cable and DSL providers and offered your catalogs by genre for 10 or 20c per month, per subscriber? Universal, take a lesson from your NBC/Universal pals. Create a rock channel, an 80s rock channel, a hip hop channel, an oldies channel, etc, etc. Put your catalogs for each genre channel on a server that you control. Go to AOL, et al. Offer their users access to DRM protected music that gives them the same rights as iTunes or the MSN store or whatever makes you feel good at night rights. Price each channel cheap enough that all the broadband or dialup ISPs can package them in marketable solutions with the other labels. It's a no brainer sale. AOL et al, send out emailers and promotions.. "Want the latest rock hits from artists like xxxxxx ? AOL brings you legal peer to peer. Download all you want, check us every day because we add more music every day.

It's the Rock Download Channel from AOL and its only 1 buck per month on your AOL bill. Click here, and you can start now... (billing is for a minimum of 12 months) Of course there is also the oldies channel, the hip hop channel. The old school hip hop channel, the R&B channel. However many ways you can dice and slice your music, that's a buck a month. Per channel. Per Sub.

Consumers will do it because its easy, safe and cheap. We are used to being sold "1 more channel," or "1 more tier" or "call waiting for an extra 99 cents per month." We will commit to five channels per month at a buck each for a year before we would ever commit to spending \$60 on CDs at a sitting.

We like to buy things a dollar at a time. If you wanted to be greedy. You could even offer a \$99 dollar setup charge that allows the users to dump the complete channel on their music device or hard drive right when they sign up. ISPs, AOL, Cable companies and Telcos will jump up and down to sell these value ads. They will advertise them. They market them. They will probably offer you lots of money to do exclusives with them. They all need and want new digital services to drive their digital tiers and Hi Speed Data.

Comcast is making a huge bet on Subscription Video on Demand. Why would they be any less excited about Subscription Music on Demand? Universities could get a discounted version that they offer at cost. \$50 bucks per head, per semester and you are a legit downloader. It's included in your options at the beginning of the semester. Then of course the kids are going to want it when they get home.

I'm sure this isn't a new idea. I know its been talked about, because I have brought it up in meetings again and again. So the question is, why hasn't it been done? It's so much more profitable than anything that could ever happen with per song downloads. 200mm singles sold gets you 200mm in gross revenue. One song at a time. 5mm people buying five channels at five bucks per month gets you 300mm dollars in predictable annual gross revenues.

But that's far from what the market will be. I'm guessing, but it could easily be 40 million people averaging five dollars per month. That's real money. In an industry that sells 800mm or so albums in a year and makes what, 1 to 3 bucks net, per CD, that's nothing to sneeze at.

I know, you are afraid it will cut into your CD sales. It won't cut into your CD sales, or should I say, it won't help your CD sales any more or less than existing peer to peer networks. This is a great time for the labels to decide to make some money. Consumers want a cost effective, easy to use way to buy music. Broadband and dialup providers want new revenue options and to stop dealing with subpoenas from the RIAA.

The only ones against the move? Probably the RIAA and our politicians. The RIAA would have nothing to do but give out gold and platinum records and the politicians would lose a gravy train of money.