

BY ALLEN MORRISON

# NAVIGATING THE DIGITAL JUNGLE

## HOW JAZZ ARTISTS SURVIVE IN THE NEW MEDIA ERA

**W**hen Lisa Hilton handed over the royalty check, the teller at the Wells Fargo Bank near her home in Malibu, California, was incredulous. The jazz pianist, whose discography includes 17 albums, explained that the bank's ATM wouldn't accept the check. It was for 1 cent.

"And I'll bet they rounded it up," the teller joked. Hilton had to agree.

The check, one of several Hilton deposited that day, represented her share of performance royalties for one of her songs in a foreign country. Had it been for a single digital stream, however—or even for dozens—the payout could have been even smaller.

Countless artists in every genre of music have reported inadequate royalty payments from streaming, from Taylor Swift—who attracted enormous attention last November by pulling her albums off Spotify—to jazz guitarist Marc Ribot, who complained publicly that his latest album earned a

grand total of \$187 from some 68,000 streams in both the United States and Europe.

Welcome to the digital age.

At the recent Jazz Connect conference in New York City, many musicians voiced a mix of despair and skepticism about the business of music, yet the news is not all bad for jazz. In many ways, it's the best of times and the worst of times. It's easier than ever for jazz artists to record, but harder than ever for them to monetize their recordings.

The new media era favors business and social media-savvy entrepreneurs, but it penalizes musicians who want to maintain a single-minded focus on the demands of their art.

DownBeat spoke to leading independent jazz musicians, label executives and industry analysts to find out what they make of the radically altered music marketplace and what strategies they have devised for doing business in the current environment.



Lisa Hilton

ALEXANDRA VALENTI



Dave Stryker

GEORGE KOPP



Mimi Jones



Greg Osby



Willie Jones III

ADRIANA MATEO



Jim Donlo, president of the Music Business Association



## How Jazz Fared in 2014

As a whole, the music business is still reeling from the revolution of the late 1990s, when the CD format began to lose ground to digital music files, and when Napster and other digital file-sharing platforms led many consumers to expect that they could hear music without paying for it. After that, the genie was out of the bottle. In a single decade, the record business saw an astonishing decline: Revenues fell more than 50 percent, from about \$15 billion in 2003 to \$7 billion in 2013 (in constant 2013 dollars), according to RIAA figures. In 2003, almost all revenues were from the sale of physical products, mostly CDs; by 2013, two-thirds of the shrunken revenue pool came from digital distribution services like iTunes and Amazon, and streaming services like Spotify, YouTube and iTunes Radio.

Jazz, of course, represents a small fraction of the record business. Yet “the numbers for jazz this year were better than the overall market,” according to Jim Donio, president of the Music Business Association (formerly NARM). He cited statistics from Nielsen SoundScan showing that jazz’s share of the overall album market increased from 1.9 percent in 2013 to 2 percent in 2014.

Sales of jazz albums fell in 2014, with 5.2 million units sold (physical and digital combined), of which 3.2 million were CDs. Those numbers are down 6.5 percent from 2013, but they beat the overall recording market, which saw album sales decline by 11 percent.

It’s worth noting that the numbers are influenced by how albums are classified: The top jazz title for 2014 was Tony Bennett and Lady Gaga’s *Cheek To Cheek*, which sold more than a half-million copies, but could also be classified as a pop album. (The same was true in the early 2000s, when some industry insiders wanted

to classify Norah Jones’ multiplatinum album *Come Away With Me* as a jazz album, while others argued that it should be considered a pop album.)

One reason jazz albums outperformed the overall album market for 2014 is that “the jazz consumer is an album consumer, and a physical album consumer at that,” Donio said. By contrast, sales of individual jazz tracks were down sharply, by 17.5 percent, considerably worse than per-track sales of other genres, which declined 12 percent.

An analysis of the larger marketplace, including jazz’s share of music streaming, is sobering. Jazz represented a mere 0.3 percent of on-demand streams last year. “Clearly the direction of the business is digital streaming,” Donio said. “Jazz has some work to do to develop its profile in the streaming space.”

The popularity of on-demand streaming ser-

vices has risen dramatically. According to the 2014 Nielsen Music U.S. Report, on-demand streaming was up 54 percent over the previous year, with 164 billion streams in 2014.

## Does the CD Have a Future?

Label execs and artists alike describe a market where sales of both physical and digital products are in decline. At a conference panel on music streaming, Dick Huey, founder of the digital marketing company Toolshed, summarized it concisely: “We’ve gone from selling physical product, to selling downloads, to selling access.”

The CD format may be ailing, but it’s certainly not dead. “The CD may turn into a boutique item, similar to vinyl,” said Chuck Mitchell, vice president of Sony’s Masterworks division, which

good digital year,” thanks in part to iTunes, which named *Time And Time Again* by The Cookers the 2014 Jazz Album of the Year. The album received a further boost when Starbucks picked one of the album’s tracks as part of its “Pick of the Week” program. Herzen described both developments as, potentially, “a really good sign for jazz. It’s like being on NPR—you get a lot of attention.”

Motéma capitalized on another type of publicity after this year’s Grammy awards. *The Offense Of The Drum*—recorded by Arturo O’Farrill & The Afro Latin Jazz Orchestra—won the Best Latin Jazz Album category. Although the music industry has changed dramatically in recent years, Grammy winners still tend to benefit from a sales spike immediately after the awards show.

Motéma offers digital releases, but they continue to sell a lot of physical CDs. “With some albums, it’s 75 percent physical and 25 percent digital; sometime it’s the reverse,” Herzen explained. Naturally, she is besieged by new talent angling for a label deal. “I can only sign 10 projects in a year, and I should probably only sign eight. We can only take things that we feel passionate about, that we feel we can hit a home run with.” One of the label’s keys to success is simple: “We love marketing.”

## Labels vs. DIY

Herzen often tells talented younger artists to try releasing albums themselves. “A lot of artists who submit to me are great ... but I just can’t sign [them]. Maybe they haven’t developed their fan base enough ... or their live performance chops are not quite where they should be. All we do is fan the spark with marketing. But there has to be a spark.” She is a firm believer in artists self-releasing their projects. “It doesn’t mean you have to do everything yourself—it’s more about taking your destiny in

your own hands. If you love marketing and networking, then do it yourself. But if not, you’re better off hooking up with a label.”

Dozens of jazz artists have taken the plunge. After waiting for years “and not getting the call from Blue Note,” bassist Mimi Jones decided to self-release, saving up her gig money to finance her first album in 2009. “Then, so many people asked me how I did it, I decided to start a label,” she said. Her HotTone Music label now offers albums by pianist Shamie Royston, vocalist/sax player Camille Thurman and drummer Shirazette Tinnin, in addition to Jones’ own.

Guitarist Dave Stryker, after years of label releases, has made the do-it-yourself route work for him. Like almost all the musicians interviewed for this article, most of Stryker’s income derives from playing and teaching, but his boutique label,

## Making Sense of Streaming

Recording artists are in an uproar about receiving little or no streaming revenue—a situation exacerbated by the fact that those services can have a damaging impact on sales of their CDs and digital downloads. By the time they filter down to most artists, revenues from music streaming services are minuscule—especially for those who don’t own their sound recordings. Compounding the problem, as the Music Business Association’s Jim Donio points out, every artist’s rate from streaming revenue can be different: For interactive services that stream on demand (think Spotify), the rate depends on the license negotiated by the artist’s label or other representative (e.g., CD Baby)—and the terms of the artist’s label contract.

Unlike the on-demand services, royalties for Internet and satellite radio services (e.g., Pandora, SiriusXM and webcasters) are collected by SoundExchange—a non-profit digital performing rights organization that claims to have paid out \$773 million in royalties to artists and owners of sound recordings in 2014.

Donio urges all recording musicians to register with SoundExchange, in addition to their other, traditional performing rights agency (ASCAP, BMI or SESAC). —Allen Morrison

includes the jazz-oriented OKeh label. “We still do a good physical business in CDs and, to some extent, in vinyl,” he said. Like many music fans old enough to remember the LP era, Mitchell regrets the decline of the album as a format. “It’s like, ‘Honey, we shrank the product,’” he mused.

Mitchell sees an inexorable shift to streaming, noting that even the MP3 may be headed for the scrap heap. “I loved my iPod ... but I haven’t loaded anything into it in months, if not years. When we look back on it in a few years, the MP3 is going to seem like the audio cassette of the 21st century—useful for a while, but ultimately unsatisfactory.”

Jana Herzen—who used her entrepreneurial flair to turn Motéma Music, the indie jazz label she founded in 2003, into an improbable success story—saw a 25 percent increase in revenues in 2014. That included what she described as “a

StrikeZone, is more than breaking even.

For 20 years starting in 1990, Stryker had recorded an album a year for SteepleChase, the Danish jazz label run by Nils Winther, with occasional releases on other small indie labels. "At a certain point, it seemed the time was right to put out stuff on my own label," Stryker said. "I respect Nils, and I appreciate all he did for me. But I felt I could do the U.S. distribution—and getting it to radio and the press—better." Stryker does so with help from a publicist and a radio promoter. "You need to build relationships with DJs, promoters and journalists," he said.

Or, as Herzen puts it, "It takes a village" to record, distribute and promote an album.

In the old model of the record business, still in effect in some label deals today, the company usually paid the up-front costs of recording, musicians and marketing. It wasn't a gift: Most contracts allowed the label to recoup all of those costs before an artist saw any royalties. This meant, in effect, that artists would often have to wait years—or forever—to see their first dollar of royalties. "But at least you didn't have to cover all the up-front costs," Stryker said. "Now some of the labels just want you to give them the masters. That's when it becomes obvious that you should have your own label."

Stryker sees many advantages to the DIY route. "You can manufacture and distribute the CDs yourself," he said. "That means you have a lot of CDs that you can distribute to people, and it doesn't cost you the \$7 to \$10 that a label might charge you for them." There's also the publishing to consider; some labels want to own it or split it with the artist. "I've tried it different ways," he said. "I've split the publishing; I've given up the publishing; and I've owned *all* the publishing. I like owning all the publishing best," he deadpanned.

Another artist who founded his own boutique label is drummer Willie Jones III, who never forgot the advice of his mentor, drummer and educator Billy Higgins. "Billy was always preaching the importance of ownership and control of your music," he said.

Saxophonist Greg Osby, founder of the Inner Circle Music label, led a panel devoted to DIY labels at the Jazz Connect conference. He told the audience, "These days everybody has their own label because major labels aren't signing anybody."

But in a post-conference interview, Willie Jones pointed to some exceptions: "Oh, they're signing people. Blue Note is signing people right now—but if you're trying to do acoustic, straight-ahead, if you're trying to swing—good luck!" Jones has succeeded on his own terms.

"Initially I wanted to get a record deal, but I couldn't find anyone who would [sign] me," Jones said. He has now had enough success with self-releasing on his own WJ3 Records label that he has begun to issue albums by established artists such as pianists Eric Reed and Cyrus Chestnut.

How did he do it? Throughout his years of steady work as a sideman, Jones met people in the industry and got the lay of the land: "Because I had done so many sessions, I knew what sidemen were making. I figured, well, *I can pay that much*. I can do two tours and have enough money to pay for the studio and the musicians. Besides, the musi-

cians I used were all friends, so they cut me good deals. Once I was able to secure distribution, then I knew I could do it myself."

Considering that it can be a struggle just to break even, is it still necessary to have a CD? "Sometimes I wonder, 'Well, who's still out there buying CDs? But I still get orders for them,'" the drummer said. "There are still quite a few mom-and-pop stores." Regardless of the economics, many artists and label executives believe it is still imperative to have a physical CD. "These days, having a CD is like having a business card," Jones

said. "Club owners don't take musicians seriously if they don't have a CD, and a nicely packaged one at that." Jones explained that most of his CDs are sold at his gigs. "Even if you're on a tour that's just breaking even," he said, "you can sell your CDs and make a ton of money that way."

Bassist/composer Ben Allison recorded 10 albums for Palmetto Records between 1998 and 2011 before deciding to start his own imprint. "The people at Palmetto were fantastic and very supportive of my music," he said. "But I reached a stage in my career where I felt that I could do as

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good a job or better of producing and distributing my music myself. I enjoy the extra control and sense of ownership that comes with having my own label. And I'm happy to say that I'm now officially in the black with my first release."

In order to create and distribute his new album, *The Stars Look Very Different Today*, Allison had to wear many hats, something that not all artists would be comfortable doing, he acknowledged. "I wrote, produced and mixed it. I also did the artwork and package design, wrote most of the press release and notes, and did all the back-end stuff," Allison explained, referring to ISRC registration, song indexing and other processes. He hired a mastering engineer to put the finishing touches on the album, as well as a publicist to help with promotion. He did all the radio promotion himself, with help from an intern.

Allison said that as publisher of his own music, he has an administration deal with a publisher to help him track down his publishing royalties. "And, of course, I take full advantage of the performing rights societies, in my case SESAC and SoundExchange," he said. "It's important for artists to identify the things they're comfortable doing and farm out the ones they're not comfortable with . . . . It comes down to a question of time versus money."

## To Stream or Not To Stream?

Stryker now avoids streaming services like Spotify for the titles he controls, like his 2014 album *Eight Track*, preferring to sell directly to the public via iTunes, digital stores and his own website. He uses CD Baby for digital distribution and says he is happy with it. "I saw a lot of digital sales on *Eight Track*, thank you, God. Physical sales are happening off the bandstand. People need to know—that's how you can support the arts. That

and iTunes, which is the fairest deal out there. Or order it directly from the artist's website."

Some artists and label execs interviewed for this story saw benefits to having a presence on the streaming services, all in the name of "exposure," but Stryker remains skeptical. Many of his earlier albums are available on the streaming platforms. Do they help generate attendance at his live shows? "I don't think so," he said. "We're talking jazz. In principle, I would take a pass on Spotify until something more reasonable comes along. Yes, it might help up-and-coming artists get more exposure. But I just don't think it's fair."

Willie Jones sees it a bit differently. "The jazz market is so small—and seems to be getting smaller—I look at streaming as just another way for your music to be heard. If someone hears one of my CDs on Spotify, maybe it's someone who has an ear for high-quality music. I would hope that jazz lovers would want to buy it—in order to get higher quality audio. And maybe that will influence them to get our other CDs. Yes, the royalties at today's rates are almost worthless. But it is another avenue for people to hear your music, and as a jazz musician you have to be open to that."

Allison has appeared before Congress to press the case for revisions to the woefully outdated copyright law and the need for a fairer royalty system for digital streaming. (Allison serves as vice president of the New York chapter of The Recording Academy and chairs its Advocacy Committee.) He decries the present system for streaming royalties, which is based on a byzantine "percentage of revenue" model that pays based on the proportion of an artist's plays compared to other artists—not per actual stream.

"The streamers' current business model is close to legalized piracy," Allison said. "Here's a better model: If you listen to a song, you pay a penny." While streamers such as Spotify, whose

strategy is to convert "free" users into paid users, would probably object, Allison's elegantly simple idea would go a long way toward solving the equity issue that all artists currently face.

Allison hopes a revised U.S. copyright law, which has some advocates in Congress, will also address a key inequity in terrestrial radio. "When a song is played on radio [in the United States]," he said, "a royalty goes to the songwriter and publisher, but none to the performers. The U.S. is the only industrialized nation that doesn't have a performance royalty. Radio is still a very big industry—there's a lot of money there." He notes that digital broadcasters like Pandora, iTunes Radio, cable TV and SiriusXM pay performance royalties, and says that there is no justification for terrestrial broadcasters to avoid paying them.

Given the popularity of music streaming and a drastically reduced recording industry, monetizing jazz has become more difficult than ever. But it's also true that there are more potential sources of revenue than before, especially for those musicians who retain ownership of their works.

The artist advocacy group Future of Music Coalition has identified 29 discrete revenue streams for musicians beyond playing live and selling CDs and digital tracks. They include new classes of digital performance royalties, e.g., on satellite and Internet radio, collected by SoundExchange; performance royalties; synch and sampling licenses; ringtone sales; and support from crowd-funding campaigns and grants.

For those musicians who, in addition to their talent, have good networking skills and a desire to dive into the business and marketing side, there are, in many ways, more opportunities now than under the old record-company system. "This is not a market for the faint of heart," Donio said. "There's money out there, but to find that money and make it happen, you've got to hustle." **DB**

## The Return of Vinyl

About 9 million vinyl records were sold in the United States in 2014. Vinyl has experienced a continuing resurgence since the mid-2000s, with sales steadily rising each year and soaring to a 51.8 percent increase in 2014, according to Nielsen. New vinyl LPs now account for 6 percent of all physical music sales. Jazz LP sales were up 81 percent in 2014 over the previous year.

Shoppers flock to New York City's Jazz Record Center, with a stock approaching 30,000 used LPs, along with new LPs, plus CDs and DVDs. "I've had a lot more requests for vinyl while CD sales have remained the same," said proprietor Fred Cohen. "It's a full-time job finding out where all the records come from and ordering them. And auction prices for vinyl keep going up and up. It's become crazy, and it's beyond Blue Note and Prestige; the fever has hit other labels as well."

The oft-cited sonic "warmth" of vinyl, its arguably wider dynamic range and the tactile aspect are more satisfying to many listeners than the fleeting, play-it-then-forget-it digital listening experience.

And it's not just indie stores that are selling vinyl, which can now be found at national retail chains like Target and Barnes & Noble.

Recent vinyl reissues include Resonance Records' *Echoes Of Indiana Avenue* by Wes Montgomery, Blue Note's 75th Anniversary LP campaign and ECM's Re:Solutions series.



Concord Music Group's reissue of Bill Evans' *The Complete Village Vanguard Recordings, 1961* has been a big hit. Pressed on 180-gram vinyl, the four-LP box set includes a 12-page booklet, liner notes by Orrin Keepnews and reissue producer Bill Belmont, photo proof sheets from the performances and a poster of Evans.

"We never stopped distributing vinyl,"

said Belmont (who refers to himself as Concord's "institutional memory consultant"). "We cut the Bill Evans LP set from digitized files taken from the original tapes used to create *Sunday At The Village Vanguard* and *Waltz For Debby*. A lot of people have been amazed at the quality."

Jazz musicians are beginning to release new titles on LP, despite the costs involved.

"The energy put into making a vinyl record is all-consuming" said alto saxophonist Andrew D'Angelo, describing his album *Norman* (self-released), with Jim Black and Trevor Dunn. "I spent months designing the artwork and the liner notes. When people buy my record, they know there's a lot of positivity put into it. It's a handmade product."

Clarinetist Ben Goldberg—whose latest vinyl release is *Orphic Machine* (Bag Productions/Royal Potato Family)—sees multiple advantages to the LP format.

"The day I release a CD, it's available on streaming sites based in Russia," Goldberg said. "It happens so fast. The LP is an object that can't be pirated. It's a way to stabilize the process between releasing music and getting paid for it." **—Ken Micallef**