

ROCK 'N' RETAIL: STYX C



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Manager Derek Sutton (left) relaxes with Styx members Tommy Shaw, John Panozzo and James Young the morning after a concert in Syracuse, N. Y. "We don't have" DO 5

X ON TOUR

As performed by Styx and packaged by manager Derek Sutton, rock music is an increasingly conservative big business that takes its marketing cues from McDonald's.



At Styx performances, T-shirts are sold in the lobby. The sales of such merchandise are expected to reach \$6 million this year.

By Tony Scherman

High above the ocean in Hollywood, Fla., Derek Sutton paced his hotel room, energetically criticizing the members of his profession. "The music industry," he said, "has traditionally been a bunch of whores, amateurs and egomaniacs. That must change. The fat years are gone. In order to survive as an industry, we've got to professionalize. I, for instance, am growing accustomed to seeing myself not merely as the manager of a rock band, but as executive vice president of a large-volume retail operation."

The retail outfit to which Sutton was referring is Styx, a rock band he manages, which is scheduled to appear this week at Madison Square Garden as part of a world tour. The "Paradise Theater" tour, billed as the largest in rock-music history, could bring the group \$15 million in ticket sales. Their current "Paradise Theater" album on A&M Records has sold almost three million copies, and if it tops that mark, as it is expected to, the record will be Styx's fourth consecutive "triple platinum" album — something not even the Beatles or the Bee Gees ever accomplished. With assorted merchandise tie-ins, such as T-shirts and hats, the tour and album will gross \$60 million worldwide this year, at a time when the industry as a whole is suffering a prolonged slump.

Despite the fact that it is

perhaps America's most popular rock band, nobody over 30 seems to have heard of Styx. It is a band with a grass-roots fan base rather than a critical, adult audience. While teen-age fans of the slack-jawed wonder at a Styx concert full of flashy, supercharged theatrics, most rock critics write off the music as slickly packaged, empty pop. "If these are the champions," wrote a Rolling Stone magazine reviewer in 1978, "gimme the cripples."

But this is not a story about Styx's music. At dress rehearsals for their tour in an Indiana suburb of their Chicago home base, several of Styx's five members, discussing their careers, offhandedly said, "Well, that's capitalism." And it is as a contemporary business phenomenon, as rock-and-rollers cum capitalists, that Styx is important.

Rock-and-roll was once music of rebellion. Rockers played, and often lived, for the sheer, crazy, defiant pleasure of the moment. "Hope I die before I get old!" shouted the English band, the Who, 12 years ago (and one of them, Keith Moon, did indeed die, of 31 of a drug overdose). But the theme of the new corporate rocker might well be "Hope I get rich before I get old." Though some rebels — like the British punk rockers Clash — remain, groups like Styx have stopped trying to outrage the bourgeoisie and have become

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to spend \$4 million on production," says Sutton of the tour, "but it's an investment in our future."

have

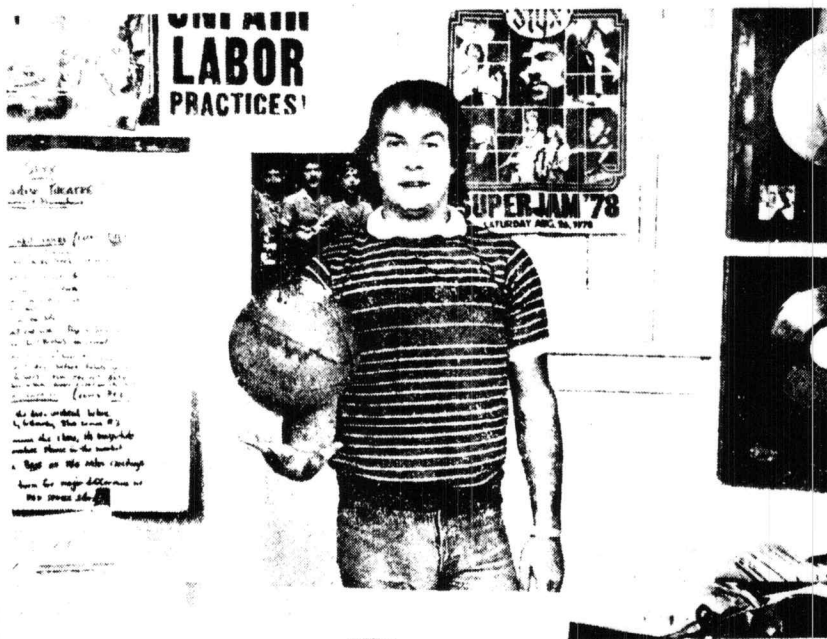
simply the creative arm of a complex industry. If rock music once had a dynamic need to flout convention, the five members of Styx have little desire to flout anything. They see themselves as entertainers in an era demanding nothing more than good, professional entertainment.

What makes the people associated with Styx the very model of a modern, major rock-and-roll operation is their business conservatism. This band is in it for the long run, not for immediate profits. As played by Styx and as packaged and sold by Derek Sutton, rock music is not merely big business. It is an increasingly conservative, cautious big business utilizing ever-more sophisticated advertising, intensive planning and market research.

For two reasons — its own growing weight and complexity, and because it is still emerging, older but wiser, from the slump of the late 1970's — the rock-music business is struggling today to reduce the element of chance built into its very nature. There is no better place to watch this effort than behind the scenes of the Paradise Theater.

Derek Sutton is a compulsive worrier. On the night of the tour's first date, at a slightly down-at-the-heels Hollywood, Fla., venue called the Sportatorium, Sutton spent the last preshow minutes hurrying anonymously through the crowd of 10,000 teen-agers, his face deeply lined from the strain of keeping tabs on absolutely everything. "At this point," he said, "I become extremely nervous. Bit of a stage mother. And I have no outlet for it; I can't jump onstage like the boys can."

"The boys," understandably anxious at the start of a 148-date tour, were, however, no strangers to the stage. The keyboard player, Dennis DeYoung; the guitarist, James Young; the bass guitarist, Chuck Panozzo, and his brother, John Panozzo, the drummer, all in their early 30's, have been together since 1969 when they started playing bars, dance and other low-profile gigs in the Chicago area. The band's Alabama-born guitarist, Tommy Shaw, 28, joined in 1975. Despite one national hit single that year — a song called "Lady" — Styx was struggling



'The ads are sophomorically simple,' Styx advertising director Dennis Cahill says of his radio spots using the voice that sells Bayer aspirin. 'There's a built-in authority factor with 17-year-old kids. And there's a bit in there from Reagan's television ads.'

Later that year, the band became Sutton's first client (he has since added the West Coast singer Nicolette Larson and the English guitarist Robin Trower to his intentionally small client roster). Born in Scotland 39 years ago, Sutton has a master's degree in geophysics from Kings College, Durham University. After five years spent mostly in oil exploration, Sutton went full-time into the music business, in which he'd dabbled as a college concert promoter. Between 1969 and 1975, he worked for the Chrysalis Group, running the London firm's United States operations. When he left Chrysalis, Sutton began looking for an act to manage — and discovered Styx.

What the well-traveled entrepreneur found was a rock band flexible enough to develop into what the industry reverently calls "a monster." Styx's music, though basically the hard rock that has remained popular with teenagers all over America, is a little of this and a little of that: sci-fi synthesizers and screaming guitars for the kids; syrupy ballads, like the huge 1979-80 hit "Babe" (written by DeYoung for his wife), for the middle-American

housewife, and anthems like this year's "The Best of Times," whose 1960's-style high vocal harmonies and wistful lyrics about "the end of paradise" mirror the nostalgia of aging former hippies.

Songs like "Babe" have broadened Styx's album appeal to the over-18 set. But it is the teen-agers who have always flocked to the band's shows. And, compared with a performance by a hard-rock group like Van Halen, whose *modus operandi* is simply to blast adolescent audiences into a stupor, Styx is all-resourceful. It beguiles as well as steamrolls: This is the key to its hold on kids. Girls squeal at DeYoung's quavering vocals on ballads. Boys bellow approval when James Young struts to center stage, shouts, "My mother never let me play my electric guitar in the house!" and launches into a maxidecibel solo. And everyone joins in when "cute," elfin Tommy Shaw hops about with an acoustic guitar leading fans through a clap-along number.

In 1976, Derek Sutton took these multiple resources and put them on the road with a vengeance: The band played 186 dates in its first year under his direction. The touring never stopped, and Styx prides

itself on being a "working band," storming city after city. "Touring," said DeYoung during rehearsals, "is real demanding. You swing between sadness and euphoria. But for us to cry about it isn't fair. Is there anything in life more exhilarating than having 15,000 people absolutely ecstatic to be seeing your human form?"

A major rock tour has sometimes been compared to an army offensive, and Derek Sutton is very much the field marshal. One promoter, while calling Sutton a "great" manager, also says, "Derek Sutton is very militaristic; he would've done great in the corporate world. I'll bet he has a very clean desk." Sutton's passion for order is, of course, a blessing for Styx. The manager's two- and three-year plans, said Chuck Panozzo, "equal commitment. Derek isn't someone who thinks, 'I'm gonna make \$2 million this year, and next year they can go to hell and find another manager.' We're a working team." Sutton's office provides business direction, Styx provides music — and the two actively collaborate on advertising, which they agree is crucial.

During the Sutton years, the

rewards have poured in: the triple platinum albums, the healthy six-figure incomes for each band member that more than satisfy the requirements of their basically staid lives. (Though all live in the Chicago area, they go their separate ways when not working, from DeYoung, raising a family, to Shaw, raising horses.) For Sutton, the rewards are a comparable income, as well as industry encomiums, such as the 1980 Personal Manager of the Year award from the trade publication *Performance Magazine*.

Sutton and Styx, ever the wise vendors, have plowed receipts back into overhead, into the stage shows that teenagers consider magic: elaborate light effects, dry ice and a few well-timed explosions. Shows like the one Sutton awaited as he paced nervously on opening night.

Sutton's worrying takes place against a music-industry backdrop of caution. Although a number of record companies claim to be on the road to recovery from the slump of 1980 — which saw the shipment of records and tapes drop from \$4.2 billion in 1979 to \$3.7 billion in 1980 — the recording industry has become soberly cost-conscious. A&M, for instance, has reduced its artist roster from approximately 100 artists to 45, and such tactics as market research, designed to maximize sales and minimize inefficient advertising, are becoming more important.

Along with other factors — inflation, a gradually aging audience as the baby boom tapers off — the record-industry slump has had a decided effect on the concert business. Record companies have traditionally underwritten many groups' touring expenses, but with funds tighter, fewer bands have been supported — and fewer bands tour. Concert promoters across the country, especially those handling the big 10,000- to 20,000-seat arenas that bands like Styx play, reported as much as a 30 percent drop in business for 1980. The concert slump has continued and even deepened in the spring and summer of 1981, with many promoters reporting a 20 percent drop below 1980's depressed ticket sales.

"What is now required," Sutton explained before the "Paradise Theater" tour, "is the application of logic to the marketing situation. The disposable income of the average family is being eroded by inflation to the point where we in the music industry are now

in direct competition with McDonald's, Mattel and Honda for leisure-market dollars. Traditionally, the music business has not done that. We have so many egotists looking for a little piece of the action — the artist, who wants to express his creativity; the record company, which wants to express its creativity; the concert promoter, who wants to express his ego." Everyone, Sutton said, is ignoring what he sees as the need to work together in a streamlined leisure market and focus on the product. "When you're competing with Honda, Mattel or Pepsi-Cola, your advertising has to be as good as theirs, or you're going to lose in the competition."

Early last December, Sutton took an unusual step. He flew to four American and five European cities, conducting a whirlwind series of "seminars" for the promoters who would be presenting Styx during the "Paradise Theater" tour. The letter from Sutton's Los Angeles office announcing the seminars invited the promoters to "Advertising 101," a "prerequisite" for "Styx 101" — in other words, attendance was a condition for presenting the band in concert. At the seminars, Sutton said: "Styx is now a franchised operation. You are the local franchisees."

"Franchise? Franchisees?" The promoters all said, "What the hell are you talking about, Derek?" recalled Sutton. When promoters have usually been responsible not merely for presenting a show, but for the show's publicity as well, and thus for a good part of the band's local image, Sutton wanted that control. "We want image-control in the hands of a central producer. I told the promoters, 'Look, McDonald's would never dream of letting the local McDonald's franchise down the street do its own advertising. And so we are not going to let you put your own stamp on things. We are going to provide you with all the advertising materials you need, just as if we were McDonald's or Holiday Inn or Midas Muffler. Everything is going to be designed to revolve around a single focus: Styx, Styx, 'Paradise Theater,' 'Paradise Theater.'"

While Styx and A&M together are footing the \$2.5 million advertising bill for the tour and the album, creating the campaign was largely the

responsibility of a 28-year-old, self-proclaimed "half artist, half businessman" with wispily long hair. Jim Cahill, Styx's full-time advertising and promotion director, worked for Alice Cooper in the mid 1970's. He is paid between \$150,000 and \$200,000 a year, half by Sutton's management company and half by Styx. Today, more and more rock bands hire their own advertising men.

"I am a student of the rock business," says Cahill. He also studies the marketing strategies of other businesses. "When McDonald's decides that the Egg McMuffin needs a boost," he says, "they pull all their hamburger ads. You will never see a Big Mac billboard when Egg McMuffins are on television. The technique is to create your entire campaign around one single product."

While Cahill was pondering Egg McMuffins, the members of Styx were busy writing songs for the new album. Early last year, Dennis DeYoung came up with the "concept" of "Paradise Theater," an idea based on an actual Chicago movie theater built in 1928 and torn down in 1958 when television took away its audience. The image of the theater would be used to make a sort of allegorical statement about the collapse of American prosperity and the need to assume a new stance of realistic toughness while still remembering and drawing inspiration from the lost days of "paradise." In April 1980, Cahill got a phone call from DeYoung, who outlined the promotion strategy: The album would be called "Paradise Theater"; the tour would be the "Paradise Theater" tour. "Now, make something happen," DeYoung told his adman.

It took Cahill months to come up with the basic approach to be used: a combination of nostalgia for a lost American "paradise" and a hard sell of Styx's appeal as an unpretentious, hard-working "people's band." Then he spent almost half a year writing and producing the most extensive and well-coordinated advertising campaign ever designed for a rock band. Following the McDonald's cue of pushing one product, Cahill chose not to advertise "Styx in concert" or emphasize the band's past work, but to drum in the notion, on 350 radio stations all across America, of "Paradise Theater — from Styx."

"... American rock 'n' roll," intones a ghoulish, resonant voice over an insistent background from the "Paradise Theater" album. "The vision of its own identity has become blinded by the glitter of

its own device. The time has come for some changes. For the one band with the power to reach beyond what has been and explore what could be. But only a band that has played a thousand nights on the road and represented this nation on every continent of the globe is worthy of that task. The time has come: Five men have made the decision to — bring back paradise."

This somber spot, featuring the voice of Earl Levy ("How does America handle a headache? Bayer aspirin." and "Sears — for great American homes like yours"), is the second of some 15 radio advertisements produced by Cahill to promote the "Paradise Theater" tour and album. After the spots were made, Cahill played them for all the promoters at the December "seminars." They were then "customized" by Cahill for each show by inserting specific dates into the basic tracks, and shipped to the promoters, who place them on local radio.

Cahill's radio campaign constitutes the bulk of the \$2.5 million advertising budget. The spots have generated widespread interest; not only are stations getting requests from listeners to "play that Styx commercial one more time," but the music industry is listening, too. "Actually," Cahill said, "the ads are so homophorically simple. There is a built-in authority factor with 17-year-old kids. That's why we used that voice: I wanted 'Jaws.' If you've got a wimp doing the announcements, it gives the show no credibility with the kids. And there's a little bit in there, too, from the Reagan television ads" — which Cahill thinks were "fabulous" for their hard-sell approach. "That's what got Reagan elected — it was those ads and their peer pressure."

A sustained campaign like Cahill's for Styx is geared toward a basic music-industry fact: A band on tour is not just selling tickets; it's selling its record as well. As elaborate and expensive a campaign as Styx's isn't needed to sell out the concerts, but Sutton and Cahill want to heighten public awareness of the band as well.

"What we are doing is creating 111 little Paradise Theaters in cities all across the nation," Sutton said, "111 foci for promotional campaigns which will result not merely in ticket sales, but also in album sales and in the expansion of general awareness of the band. Styx is grossly underreported and grossly underdescribed. We're changing all that."

A&M Records is working toward the same goal. It did not

blindly send "Paradise Theater" out into the world in the hope that the recording would somehow manage to find its way onto three million turntables and tape players. Long before a note of the Styx album had even been composed, A&M began preparing for the work of advertising and selling it as efficiently as possible. Bob Reitman, A&M Records' vice president of marketing services — who likes to say he is in "artist research" and whose background in advertising includes work for, of all places, Mattel and Honda — had his staff compile a wealth of statistical information on Styx's previous forays into the market: the "Cornerstone" and "Grand Illusion" albums and tours.

"With our research," said Reitman, "we know where to focus our efforts." Using Reitman's data, A&M's vice president of sales, David Steffen, then takes responsibility for getting the album into stores. Starting last December, the distribution branches began to solicit orders from retailers. At the same time, they did a second type of soliciting: for floor space. "We want a commitment," said Steffen, "from all the stores that can give it to us of a certain amount of square feet. What we want to achieve is, basically, mini-Paradise Theaters in every store." If 111 Paradise Theaters are blooming in concert halls around the nation, several thousand cardboard Paradise Theaters are going up in record stores, constructed of posters, album-cover "flats" and a die-cut, five-foot-long replica of the omnipresent Paradise Theater marquee.

"We're in a partnership with the retailers," said Steffen. "We're telling them, 'Look, we're giving you a product that's going to sell. To put you into a position to buy and sell more, we'd like you to make a Paradise Theater in your store.'" The display areas range from 12 square feet in small outlets to 250 square feet in larger stores: a substantial "Paradise Theater" record-store shrine. A&M is even willing to send a company representative to arrange the display for local merchants.

David Steffen takes his precedent not from McDonald's, but from Campbell Soup Company. "I've learned a tremendous amount about selling records," he said, "from looking at the food industry, and I draw explicit parallels between what they do and what I'm trying to do. If I am the major supplier of canned soup in the United States, I have to extract a

commitment from stores, either by paying promotional moneys or paying for floor space, to obtain a certain amount of visible representation on the soup shelf. Whatever it takes, I'm going to make sure that every one of my soups is represented. We want high record-store visibility for Styx for the entire duration of the 'Paradise Theater' tour."

The final, drawn-out note of the show's brief opening song, "A.D. 1028": Dennis DeYoung, onstage alone in front of a painted screen depicting a decrepit theater, brings his arm down to a sudden burst of fireworks and a wrenching chord from guitarists Young, Shaw and Panozzo, who are hidden behind the screen. The screen rises as strobe lights flash dizzily and, directly above the stage, a massive marquee spelling "Paradise" — identical with the theater marquee on the cover of the new Styx album — lights up. "What's cha doing tonight?" sings DeYoung teasingly, as the suddenly visible band churns into action. In answer, 10,000 teen-agers leap screaming to their feet; those in front shove up against the barricaded stage. (In spite of the 1979 Cincinnati disaster in which 11 fans were trampled to death in a rush for open seats at a Who concert, 40 percent of the "Paradise Theater" shows have open seating: unreserved seats that encourage a mad scramble to be as near the stage as possible. Sutton says, "If one train or one airplane crashes, does that mean that all trains or airplanes are unsafe? We generally do not have a lot of problems.")

Watching the pandemonium, the tour accountant, a burly Virginian named Doug McNeil, breaks into a smile. "Audiences are just going to eat this show up," he says, and briskly heads out to the Hollywood Sportatorium box-office area. McNeil will spend the next two hours "settling" with the promoter: determining show costs against gross receipts and accepting the promoter's check for 85 percent of the gross after costs. The promoter will keep the remaining 15 percent.

While DeYoung, sprinting back and forth between piano and center stage, sings "Rock-in' the Paradise" ("Don't need no fast-back lame-duck profits for fun / Quick-trick plans take the money and run / We

need the long-term slow burn ("letting it done"), Derek Sutton and Doug McNeil are offstage seeing to it that this specific economic philosophy is carried out. The tickets profits the band will reap at tour's end are not staggering about \$500,000.

A figure like that is not enough for some bands of Styx's popularity, and many therefore demand a higher percentage in their deals with promoters. In the face of a general recession, a common impulse is "take the money and run" — charge a stiff percentage and high ticket prices, especially since you can't be sure you'll be able to draw a crowd the next time around. This is neither Sutton's nor the band's outlook.

"To get to the level where an act is making money," Sutton recently told a reporter from a music trade paper, "and then take money away from the people that are helping you get there is the worst kind of shortsightedness."

"A Derek Sutton needs promoters," said Doug McNeil. "He doesn't want to put them out of business." As Ron Delsener, promoter of the band's Madison Square Garden show, said, "Sutton could've been tougher, but he's smart. If a band forces a promoter to make a stiff deal, God forbid that band should ever go downhill. But if they give me a fair deal, I'll still play them somewhere even when they're not so hot. They'll know they're going to eat."

A Derek Sutton also needs loyal Styx fans, and Styx tickets are often one or two dollars cheaper than those for shows by comparable groups. But, according to Sutton, "only about 10 percent of what we take out in ticket sales can be applied to any kind of profit. That is not enough, especially when you have over half a million outstanding in investments before you even hit the stage." (The band collectively took out a \$500,000 loan before the tour; Sutton, mortgaging his Los Angeles home, chipped in another \$250,000.) "So we have to make money from our merchandise."

Sutton has begun focusing much of his attention on selling T-shirts and other Styx merchandise. At one point before the Hollywood Sportatorium show, asked why he was spending so much time talking with his head of concessions, Sutton said, "Because he's making us our profit." As the band plays onstage, brisk T-shirt sales in the lobby are turning the tour from a marginally profitable venture into more of a money-maker. Sutton expects sales of

T-shirts and other items to generate \$6 million during the "Paradise Theater" tour, only \$600,000 of which, however, is clear profit for the band.

In general, Sutton and Styx are involved in a balancing act on this tour, juggling austerity and high-budget grandeur. Sutton wants badly to cut down on the "waste and extravagance" that used to characterize rock tours. "You just don't ask for a brandy snifter full of only brown jelly beans anymore," he says. "The costs themselves — rent, ticket commissions, union costs — are getting so high that you can no longer afford extravagances." On the other hand, the band is putting a lot more money into its elaborate show than it ever has before. "We don't have to spend \$4 million on production," said Sutton, "but we choose to. It's an investment in our future. If we make some sacrifice in terms of profits now, we are paving the way to a more stable future."

"The tour will break even, or possibly make money. It's not a matter of making a lot of money on tour. The better part of the band's profits for 1981 will come from albums" — some \$1.5 million from "Paradise Theater" — "but we want to go out there and make people remember us. So that if there is a, well, a problem with the economy and people can afford to buy only one album in 1982 or 1983, it will be a Styx album. I still want to be in this business in five years."

Early-August figures from McNeil's accounting department suggest Sutton has little to worry about. As the band approaches Madison Square Garden, it has sold out 84 of the 91 dates played. McNeil's calculations show that 99.1 percent of all "Paradise Theater" tickets put up for sale have been bought — an amazing figure for hard times.

Whether Styx will continue to prosper at its 1981 level is an open question. Rock-and-roll fans are fickle. But one thing is certain: Behind the 99.1 percent ticket sales and the triple-platinum albums is not only a horde of teenagers, but an aggressive, efficient juggernaut of an organization. And while the band itself is quick to separate the music from the marketing, Derek Sutton argues that if the new sales methods are not increasingly used in the music business, it may cease being a business altogether. This band works very hard; its manager works hard; its advertising director works hard; its record company works hard — all in an interlocking, carefully planned partnership for mutual profit. As they say in the band, "Well, that's capitalism." ■



Dennis DeYoung of Styx, born and raised in Chicago, finds the fans in his Windy City home to be electric.

People 9/16/81

Chicago: In terms of fans, it's no Second City

By DENNIS DeYOUNG

When PEOPLE Magazine first asked me to write a short piece about Chicago fans, I queried, "Why me?" What do I know of fans made in my hometown? But upon investigation I found that the small, dependable electric fan I bought some six years ago was, in fact, manufactured right here in the City of the Big Shoulders.

Now you may ask, What about the fans of Moline, Barstow and Hackensack? And moreover, what about the Chinese, who for many centuries have made fans part of their culture? The truth is, I know nothing of Moline, Barstow and Hackensack, but the Chinese... Ha!

Who are they trying to kid? Have you ever seen one of those Chinese fans? First of all, they're not even electric; they are just hand painted on rice paper or silk. The idea is for you to keep waving them frantically in front of your face, creating a small breeze — if not a stroke.

Can you imagine your 250-pound Aunt Bertha on a hot August afternoon getting relief from one of these things? I think not.

So it is with near total conviction that I say to the world that Chicago fans are the best (with the possible exception of Moline, Barstow and Hackensack).