

'Being big doesn't always mean being right'

WITH THE development by some American major companies of distribution activities, are we going to see further polarisation of distribution in America, with independents handling certain small labels, but with companies the size of A&M going through the majors' branch operations?

Independents with good financial resources will always remain in business. Their immediate answer to the shrinkage of available companies is to expand their business territorially. For instance, the distributor who used to handle Cleveland and Pittsburg will now handle Detroit and Michigan and Upper New York State out of the same warehouse. Those with good resources which are allowed by manufacturers to expand their territories should do well.

There is another facet to this. If I were starting out in the record business today, I wouldn't be in New York or LA or Chicago. If I felt comfortable in say Texas or Atlanta or Milwaukee, I would go out and find the best band, record it, and have some records pressed. I would have them distributed by an independent and promote the band in its local area and then, having broken the record there, I would move on. There is still a great future in that sort of approach. The independent distributor must recognise that there are young and energetic entrepreneurs of this sort. Also young record people are gravitating towards the New Wave groups because the music is accessible, the recording costs reasonable, and this is where the independent distributor should be looking so far as the future is concerned. To continue, nobody has closed down since we left and Chrysalis, Arista and Motown appear to be staying with independent distribution and are even making statements that they are happy that we have gone because that means they will get more attention. I like happy endings and I am trying to find one. We made a positive move for ourselves, not away from something but towards something.

Some time ago, you were reported in the American trade press as having criticised the tactics of the American major record companies. Do you still feel this way?

This was at an A&M Convention. I warned our people not to be intimidated by the size of the two monoliths — CBS and Warners — and that being big doesn't always mean being right. I believed that both these companies were not exercising certain standards that leaders of an industry should aspire to.

I made some comment about the qual-

LAST WEEK Jerry Moss spoke his mind on the state of the American business, independent distribution and the British renaissance' — this week he looks at the majors and the prospects for the future. By BRIAN MULLIGAN.

ity of record pressing and there has been some move — not especially because of anything I said — to improve quality drastically. I asked for a statement from one of these companies regarding the introduction of bar coding — and this year we have bar coding. A&M was one of the first companies to institute it. It has been on just about every other product but not on records.

Being distributed by RCA which has the responsibility for collecting receivables, I am not so concerned with credit problems as was previously the case. But I have always felt that credit was given too freely with no real insistence on payment. One national retailer who is on "hold" from time to time is actively purchasing real estate around his stories. In effect, he is using money he is not paying on time back to record companies.

It is one thing for companies like CBS and WEA to take the loss and pay the interest on the money which they can well afford, but the pressure to give the same sort of credit also falls on the independent distributor.

Everybody, of course, is in business to sell records the best way they can and bigness has its other problems. There must be many artists in big companies who feel they don't get a fair shake because there are so many other artists. That's a problem with being big. We, on the other hand, think we can look after each artist with some degree of care.

Things change, of course, and you will notice all sorts of statements that this year the net profits relating to gross sales from those large companies have shrunk considerably. That is important to notice and hopefully CBS and Warners will take something from that, because we are all swept up in this battle of those corporations to dominate the industry and be number one.

A&M never seems to be mentioned as bidding for high-priced talent. Is this a conscious decision on your part not to buy at this level?

At one time we were going to bid for two major acts — I don't think I'd better tell you their names. They deserved the best deal because of who they were and they were very much interested in A&M and



JERRY MOSS with promising new UK act Chris de Burgh

said that money wasn't an issue. But eventually they talked to gentlemen of equal persuasion in other record companies who had larger chequebooks. We just didn't stand a chance.

Some people in some companies will sign an artist to stop another company and so that they can put that name on a shelf, so to speak, and say "That belongs to us." They take pride in the fact that an artist of stature is signed to them and whether he sells records to the level of the commitment is unimportant.

To be frank, I just got to the point that I decided I would rather be with a new artist — it is more exciting watching a new artist grow. At the moment, I want to dedicate my time to introducing something to the world rather than just buying something which is a known commodity. I think that is what A&M is all about. Last year in America we were successful in putting five artists into platinum that had never been there before — Chuck Mangione, Pablo Cruise, Gino Vanelli, Quincy Jones and LTD. With the exception of Chuck and Quincy who had made records for other people, none of them had recorded before they joined A&M. That indicated we were doing the right thing. We have continuity with those artists and we have a relationship that will hopefully continue for years to come.

The focus of A&M's artist roster, like much of the American industry's, seems to be aimed at the adult market. Isn't there any kind of music being developed in America specifically aimed at teen audiences like the British New Wave?

There is an American equivalent to the New Wave coming up. But it is tough to find raw bands which are able to make a

good record at a comparable cost to their UK equivalents. Once they get to be good, the bidding starts and then suddenly the situation becomes serious. Bands that were going out for 500 dollars a night and moving their own equipment in their own van were making money. But as soon as the record company moves in they seem to have large amounts of gear and roadies, and need 5,000 dollars a night to break even. It is crazy but these are sometimes well intentioned record company-induced conditions. Bands in the UK are allowed to grow and develop without that kind of intrusion. They get to know themselves a bit better than American bands before they record. But it is beginning to happen in America and we are looking to sign the best of those groups. I think we will be successful with them.

Looking ahead to the next five years, do you think the American record industry can continue to retain the current level of interest being shown by the over-30 age group, but at the same time not lose contact with the grassroots teenage audiences? Will the market continue to expand?

I think it will, but companies will have to find a way of dealing with these great expenses in marketing product. We are going to have to look for leadership in this from companies like Warners and CBS, because as I have said we are all swept along within the business they have created.

Is there no sign then that the bubble could burst?

The future looks not only bright, but exciting as well. What with the video side about to come into it in a big way, we should see an ever expanding market place. One, where, if we're smart enough and tasteful enough, we can all prosper.

'The future looks bright and exciting'