

# The Digital Turn

## CASE STUDY

### 360 Degrees of Music

It used to be that recording labels made most or all of their money by receiving a percentage of the money generated by the sale of physical media, such as CDs and records. But the arrival of the digital turn saw sales revenue cut in half in little over a decade; in response, the recording industry is turning to 360-degree agreements. Defined by legal scholar Sara Karubian as “a legal contract between a musical artist and one company incorporating components of an artist’s career that have traditionally been handled by separate contracts with different companies,” the 360-degree deal gives a single corporation control over everything, from merchandising and publishing to endorsements and touring.<sup>1</sup>

This means that in addition to the money a record company would make from sales of recordings, the company would also get a cut from concert tours, publishing (if the artist is also the songwriter), merchandise, endorsements, and television and movie appearances for the length of the contract. In theory, the record company would help organize, market, and cover the up-front costs of concert tours, merchandise production, and so on. The recording industry describes these deals as mutually beneficial, centralizing and maximizing revenue for the artist and the label at a time when both are suffering from the drop in recorded-music sales.

But in practice, critics worry that there may be downsides to these arrangements. Depending on the negotiated deal, a 360-degree arrangement might allow a record label to take a chunk of the profit from a concert tour or song sales even if the label didn’t help fund or promote it. These deals also shift power back to conglomerates at a time

when more indie labels have gained traction in the industry.

As an alternative to signing a 360-degree agreement, some artists are content to become “touring bands,” making a little money off albums and singles but using them primarily to promote their live shows and accompanying merchandise. Musical acts with large enough fan bases may also follow the lead of British alternative rock group Radiohead, which handles its career without contracted-label backing, and independent hip-hop artist Chance the Rapper, who gives away his music but makes money by selling merchandise (see the chapter opener). But while few big artists can maintain a label-free career, many more are offering fans the option of buying their music directly through the artist’s or the label’s website, often selling exclusive packages that may include digital downloads, vinyl albums, T-shirts, limited-edition releases, and concert tickets. In these cases, artists are allowing multiple media to converge into their own hands. Whether through 360-degree deals, touring careers, or a self-releasing strategy, convergence is changing the way many musicians make money.



© Visit LaunchPad to watch a clip showing Katy Perry on tour. *Forbes* magazine dubbed Perry the “highest paid woman in music” in 2018, thanks in part to an eighty-performance tour that grossed more than \$1 million each night.<sup>2</sup> How might an expensive tour bring in additional money for an artist like Perry?



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