

PAUL MCCARTNEY SIGNS TO STARBUCKS. WHAT DOES IT MEAN FOR LABELS AND THE SPECIALIST RETAILER?**Gennaro Castaldo, HMV UK & Ireland**

“While there may be a possible short-term benefit if you get to shift a few units, there may also be a long-term downside if the effect is to somehow contribute to a further devaluing of music and of the album format in the minds of the record-buying public. Clearly, there’s an element of self-interest here, but it should go without saying that a healthy and vibrant indie and specialist retail sector helps to underpin a dynamic and successful recording industry, particularly as such outlets play a vital role in supporting the development of new talent as it comes through. At a time when supermarkets are doing so much damage by using music as a loss leader, it’s difficult to welcome this as a positive development that helps to benefit the industry over the longer-term.”

Richard Kirstein, MD, Leap Music

“Is this a one-off? No. The brand/music landscape is already very cluttered. A label launch creates PR cut-through, especially with a big name artist. Other brands will follow Starbucks’ lead also lured by additional revenue streams – typically lifestyle brands with

existing physical or on-line/mobile retail platforms. Their choice of music distribution partner will be vital; each party must understand the other’s industry. Is it a threat to labels and specialist retailers? No. Brand-owned labels won’t initially have A&R infrastructure, though major consolidation will produce some strong available candidates for the role. Brand retailers won’t have broad or diverse stock and are less of a threat than supermarkets who compete aggressively on price. However, ‘catalogue’ artists may look to brands to re-launch careers – especially with self-funded albums.”

Alexander Ross, partner, Wiggin LLP

“This should not present any challenge to the labels. If anything, it should stimulate new opportunities. The traditional approach was to offer the strong sellers renewed contracts with further options, and to license individual albums where the expected take-up is less certain. The presence of Starbucks in the market now is competition for the labels, possibly in respect of both types of deals. Labels should now seize the initiative and arrange both funding and promotion of these albums by way of JVs and promotional tie-ups with brands such as Starbucks. These deals can include periods of exclusivity, synch licences for ads, and other benefits for the brand. There is no reason why the labels should be excluded from these types of deals.”