

Hip Hop May Not Be Dead But Internet Radio May Soon Be

Written by Davey D ID3678
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A few years ago I ran into former FCC Chairman Michael Powell as he was leaving Jesse Jackson's Wall Street Project conference in New York. He was the man of the hour due to the fact that over 3 million people had hit up the FCC demanding that he abandon his plans to allow big media conglomerates like Clear Channel to further consolidate.

I confronted Powell about many of the complaints I was hearing from media reform activists around the country including the Bay Area's People Station Campaign, Detroit's Black Out Friday campaign and the "Turn off the Radio Campaign" which drew 1500 people including Chuck D, Afrika Bambattaa, Doug E fresh and numerous other hip hop / rap stars and launched in a Harlem church the night before.

It was there that members of NY's City Council held a tribunal and listened to over six hours of testimony where person after person complained about lack of musical diversity resulting in listeners having to endure the same ten songs in row, the lack of local airplay for independent local artists and an abundance of harmful stereotypes being broadcasted everyday resulting in Black and Brown communities being marginalized. The most troubling was the management of NY's then number one station Hot 97 allowing their on disc jockeys to constantly use the N and B words on the air.

Powell listened and then dismissively told me the solution was not to regulate radio and prevent further consolidation but for concerned listeners to turn to the Internet radio. It was there he stated that people could find all the diversity and niche programming their heart desired. I tried to explain that a lot of people especially in poor communities where broadband was scarce, couldn't listen to Internet radio. Sadly Powell wasn't trying to hear it and he bounced.

Fast forward 4 years later and people faced with little changes in radio found their way onto the Internet and an industry that once boasted a scant few million listeners a month now has mushroomed to a medium that attracts over 70 million people. Apparently people got Powell's memo.

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In a cruel sense of irony, what has become a viable alternative and a place of solace for many is threatened. In recent weeks while the country was focused on Don Imus, the major record labels along with their organization Sound Exchange successfully petitioned the US Copyright Board and convinced them to increase royalty fees a whopping 300-1200% to be applied retroactively. The rates which were supposed to kick in May 15th threatened to bankrupt the Internet Radio industry.

Just to give you an idea of how that looks, locally based Soma FM in a recent Eastbay Express article explained that they had an annual webcasting bill for 10 thousand dollars. Under the new rates they would immediately owe 600 thousand dollars. I spoke with owner Rusty Hodge who noted that the high rates are the result of him having lots of people who listen for long periods of time. He also noted that if he manages to stay afloat in 2007 he will owe the labels over one million dollars.

The largest Internet Radio company Live 365-also locally based explained to the Washington Post that their annual 1.5 million dollar bill would increase to 6 or 7 million and bankrupt the company.

What makes this new ruling even more insidious is that all webcasters no matter how big or small would be required to pay 500 bucks annually on top of the increased rates, meanwhile commercial broadcasters who have in recent months been aggressively pushing their own online stations and HD broadcasts along with satellite radio would NOT be paying these increased rates.

If you listen to commercial stations all around the country you will hear many of them pushing for listeners to check out their new on line spin off stations. The ultimate plan of action for many stations is to launch specialty stations that focus on a specific genre. For example in New York City, Hot 97 now has a online station called the "Original Hot 97" where listeners can hear the station in its original dance music oriented format. Here in the Bay Area Kiss FM which plays classic R&B and soul has launched an online station where they play classic commercial Hip Hop.

Now this in itself is not a bad thing except the playing field is not even. For starters the commercial outlets at the very least will be able to barter with major labels to overlook online fees in exchange for terrestrial airplay. What also is not being stated is that for the commercial giants this will be the place where they can legally exercise pay for play (payola) especially if

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they wind up being the only game in town.

A likely scenario that will soon emerge if it hasn't already is that labels seeking airplay will hit off these commercial giants with a set amount of money and then after the stations "determine" that the songs are doing well online will then bounce them up to regular rotation on the terrestrial stations. The pay for play scheme online will be a welcome cash cow for commercial stations while labels will be able to exercise control over projects that they are promoting.

For those who don't know, the way things work now, is that a major label comes up with a marketing campaign for a particular artist. They set up a marketing campaign with the album's first single followed by a video. They depend upon broadcasters to go along with their game plan. They expect stations and video outlets to play the second and third singles at the prescribed time and will actually discourage programmers from playing album cuts or upcoming planned singles "too soon". In some instances labels will use their muscle and threaten to stop servicing stations with music or will prohibit their artists from doing interviews or summer jam concerts if the broadcasters don't cooperate with the marketing plan. This focused marketing is what many of these label executives feel will lead to increased album sales and hence that's the main reason you hear the same ten songs being played on air from coast to coast.

Internet Radio helped break that strangle-hold. With the average webcaster it's usually been people first not labels first. The industry seems bent on changing this dynamic. The first step is to eliminate all these independent Internet Radio stations by making it too costly.

For those who think what I'm saying is far fetched, talk to any online broadcaster and ask him/her about the 1998 DMCA (Digital Millennium Copyright Act) which governs Internet Radio and was pushed through Congress by the RIAA and the major labels, it is technically against the law for Internet radio to play songs from the same artist 2 or 3 times in a 3 hour period. Hence unlike commercial giants who can break format and do a Prince special or have a Jay-Z or Public Enemy hour, webcasters are forbidden to this by law.

When James Brown passed late last year and Rick James passed the year before, radio stations all over the country broke format and played hours of music from these legends. Thanks to the DMCA, Internet radio was forbidden to do this unless they got special permission from the labels which was damn near impossible for most people who actually go out and purchase their own music as opposed to commercial stations which get it sent to them for free and have relationships with record label promoters.

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The Sound Exchange people said they need to raise rates and make all these rules for the benefit of the artist. They said that because album sales are down and that the industry needs another income source. Webcasting fees will help offset the economic downturn. They also stated that they were doing this for the artists who they feel need to be paid.

Well according to Wendy Day of the well respected artist advocacy group Rapcoalition that's not exactly true. Day who is responsible for brokering deals for artists like Master P and Cash Money stated;

"From the negotiation standpoint in the music industry, the major labels are fighting hard to retain as large a percentage as possible for digital rights. Much like record deals of the past (old formats such as records, cassettes, and CDs), the labels retain the lion's share of the profits giving the average artist a lowly 12% of the selling price AFTER they've paid back every recoupable expense from their share of the royalties. That business model still stands in digital formats. The labels still keep the lion's share of the money, using the artists measly percentage to pay down the debt. I have, personally, seen labels budge on allowing artists to be non-exclusive to their label, but not give an inch in negotiating digital rights. Artists still get pennies in comparison to the labels' dollars".

The Sound Exchange people have also stated that webcasters can easily pay the increased fees by selling advertising. That's a huge fallacy. To start, what wasn't stated by SE was the fact that these small webcasters are now in direct competition with traditional broadcast giants who are going after those same ad dollars for their own online webcasts.

In short the chips are stacked against the average online broadcaster who was chased on line by Powell and the lack of response by broadcast mediums to their initial concerns. The little guy who does this as a passionate hobby where he was willing to pay reasonable rates is suddenly up against a huge company with a sales staff that at the end of the day can barter for ad dollars with a variety of on and offline platforms. As I said before Internet and digital broadcasting is new terrain that the industry wants cleared out with them being the only game in town. If that happens all the same complaints consumers had and continue to have with traditional radio will resurface with these commercial online outlets.

So disconcerting is this latest assault that there has been a groundswell of support and broad

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coalition of groups opposing the rate hikes ranging from Christen broadcasters to Yahoo radio. The end result are two bi-partisan bills being pushed through Congress and the Senate. In the House its HR 2060 and in the senate S1353 the Internet Radio Equality Act. Which would repeal the rates. People are asked to call their representative and get behind the bills or risk seeing the Internet radio landscape permanently change and be a thing that only the rich and powerful can afford to do.