

Terry McBride—CEO, Nettwerk Music Group Music Matters Interview: 6th May 2008

Nearly a quarter of a century ago, Terry McBride started Nettwerk Records in his Vancouver apartment with the help of two friends. Today, the company has offices in six additional cities around the world, boasts a roster of 40 acts and manages such artists as Avril Lavigne, Barenaked Ladies and Dido. Yet aside from a successful label, McBride is also helping to transform the industry through what some would call radical initiatives. Ahead of his Face2Face interview and talk on “360 Degree Models” at Music Matters – The Asia Pacific Music Forum, he explained to Scott Murphy what attendees might expect to hear...

In a recent Wired Magazine profile you mentioned that “now we can really start having fun” with regards to what’s taking place in the music industry at the moment. Are you having fun at Nettwerk?

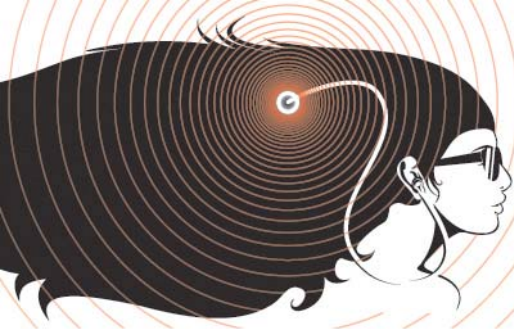
McBride: “I’m having a lot of fun actually. We’re breaking every rule. We’re looking at a marketplace that is 70 percent physical and 30 percent digital. That’s the market norm, but it’s rapidly changing. For example, we just had a new release by folk act The Weepies where 87 percent of the 14,000 albums they sold in the first week were digital. We continue to let the artists run labels. We continue to allow music to flow and monetize. It’s a different way of looking at all this. This is not product. Music is a creative art form that we need to monetize.”

Of course, you also have your management side. How is that going?

McBride: “That’s going well. That’s always going strong between the Barenaked Ladies, Avril Lavigne, Sarah McLachlan, Dido, Sum 41, Stereophonics...it’s a very solid roster.”

Where does Asia fit into your current and future plans?

McBride: “Right now, Asia to me is the most important marketplace if you want to have a worldwide career. The consumption part of it is flat, so the marketing has to be dynamic. That’s a unique thing. Currently, the way you market in the U.S. is not how you are going to market in China. It’s a complete paradigm shift. The concept of copyright doesn’t resonate in China. You have to approach things differently. If you’re looking at future growth, you definitely have to look at Asia. If you run analytics on what you do on Yahoo or YouTube (for example), the majority of traffic is coming from Asia. It’s that behavior that you want to capture. Audiences in Asia are already sophisticated. The kids were born from 1982-1984 onwards, are sharp and definitely know what is happening.”



During your panel at Music Matters, what is your message going to be?

McBride: "I'm going to focus in on what a song is, how it's consumed, who owns it and how to monetize that. Overall, I don't write out speeches. I just do them."

And this is your first time at Music Matters?

McBride: "Yes, this will be my first time. I visited Asia for the first time last year. I was in Japan for a week, Shanghai for five days, Hong Kong for two days and had a vast amount of meetings with everybody from promoters to government officials. Overall, I saw an energy and excitement and an optimism that you don't find in the West right now. Asia just energizes you."

Was part of that to do with Avril Lavigne's tour?

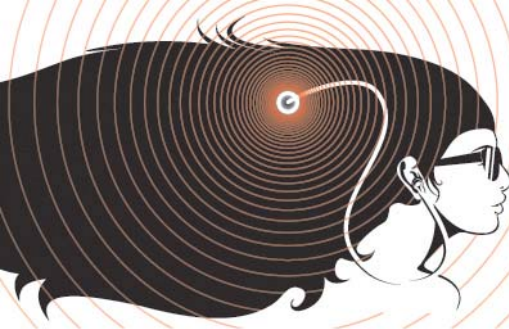
McBride: Yes, I was actually with her. Part of my coming back has to do with solidifying her upcoming Asian tour which will happen in September and October.

What concerns do you have about the industry at the moment?

McBride: "I don't have concerns personally. I'm not living them. I'm not criticizing how people are doing their business. I'm putting out a vision that some people are doing. If that resonates with people, then fine. I can understand other people's point of view. I don't want to shit on any major labels. It's just not what I do."

What do you want to convey about Nettwerk at the conference, if anything?

McBride: "I just want to get across our openness to try a lot of new things that some industry players aren't willing to do. I don't mind being at the forefront if I think it's a really good idea. I just like that we keep to our initial vision of releasing music that we love. If we love it, the chances are that others will. There have been a lot of opportunities to make money by stepping away from that mantra, but we haven't done that. There's some great music coming. For example, The Weepies, Sarah McLachlan's greatest hits, the Barenaked Ladies and new Dido by the end of the year. And I love the direct, authentic interaction with the fanbase. The Barenaked Ladies released their multitracks for fans to remix. Continuing to allow those sorts of things to happen and develop is really key. What does the music fan want versus what does anybody else want?"



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There are currently other shifts in the industry too. For example, the Nine Inch Nails just released their new album for free on their website...

McBride: "Yes. What you're looking at is a shift to reevaluating free. How do you monetize free? The water industry has done a really good example of this. In the world that we live in, scarcity drives up value. What's scarce and what's authentic? That's how you start to reevaluate free. I'll be giving examples of this, and showing how to actually get money from it."

Thank you.

Terry McBride will be speaking as part of the "360 Degree Business Models" panel at Music Matters at 11:45 on June 4th and then conducting a Face2Face session at 17:20 on 4th June. Music Matters takes place at the Grand Hyatt in Hong Kong on 4th-5th June. For more information please see: www.musicmattersasia.com