

MP3 AND HIP-HOP...

SOUNDS LIKE THE FUTURE

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IMAGINE DOWNLOADING THE LATEST ALBUM from Jay-Z or Method Man straight from the Internet and instead of shelling out \$15.95 at the Virgin Megastore, you pay just \$4.00. Digital music is here and record companies/distributors may be worried about the possibilities. It all began with MPEG 1 audio layer 3. Commonly known as MP3, it's a format for encoding and compressing music files so they're small enough to store on portable players like the \$200 Rio from Diamond Multimedia. The cell phone size player, which connects directly to your computer for downloading the music, offers CD quality sound. Right now, hundreds of songs, especially hip-hop, are being offered for free downloading on the Internet. And, in the future, that may mean a shift in hip-hop's dependency on major label distribution to turn a dollar.

If people can buy the music they want without leaving home, where will that leave the major distributors who rake in billions every year?

"If distribution becomes digital, we won't need them," says Ola Kudu, VP of creative and new media for Loud Records, currently owned and distributed by BMG Entertainment. Recently, the Big Five (BMG Entertainment, Sony Music, Warner Music Group, EMI Recorded Music and Universal Music Group) formed the Secure Digital Music Initiative. This alliance (which controls 80% of the entire music industry) is scrambling to figure out how to commercially regulate digital distribution of music. Elizabeth Schimmel, VP/GM for BMG Online, claims the parent companies are merely concerned for their artists. "If you can download music, copy it and send it to friends, it erodes our ability to develop artists," she says.

Although smaller labels will soon be able to do more artist development without major label distribution (Loud recently struck an informal deal with San Francisco-based Audio Explosion to offer free downloadable music), Schimmel doesn't see BMG's role completely dis-



appearing. "For some people, going to a record store and buying a piece of music is exciting," she says. True, but it might be even more exciting to buy three albums for the current price of one.

Now imagine this: you're an aspiring hip-hop artist with no label deal and no connections in the industry. You post your demo on the web for free, get a buzz, and then offer your entire album through the MP3 format for \$3.00. Even if only 20,000 people purchase your album (keep in mind the Internet reaches millions), you're still clearing \$60,000 because you've cut out all the middlemen. In a traditional label deal, an artist would usually see about 8 to 10% of that money. Do the math and you'll see why Public Enemy's Chuck D became the first rapper to test these limits this past November, posting four tracks from *Bring the Noise 2000*, their upcoming album, on PE's website and offering them for free downloading. In response, Def Jam forced the rapper to pull the files.

So the group has now split from Def Jam and plans to use digital distribution for their next album. Their latest single, "Swindler's Lust," is currently offered for free downloading in the MP4 format. "I'm gonna ride this motherfuckin' MP3 and MP4 like a cowboy riding a burro," says Chuck.

Will hip-hop be able to take advantage of the technology? "Keep in mind that ten years ago, we didn't have cell phones and pagers either," says Chuck. "We won't trust it at first, just like most of us still pay our light bills in person, in cash. But we'll come around eventually."

As far as artists are concerned, they have no choice but to get familiar with MP3. "The day of the demo is dead," Chuck says. "You'll have a million artists and 500,000 labels on the Internet and everyone's gonna have to work harder to make it. So if you're not computer literate by the year 2000, you might as well be picking cotton." S