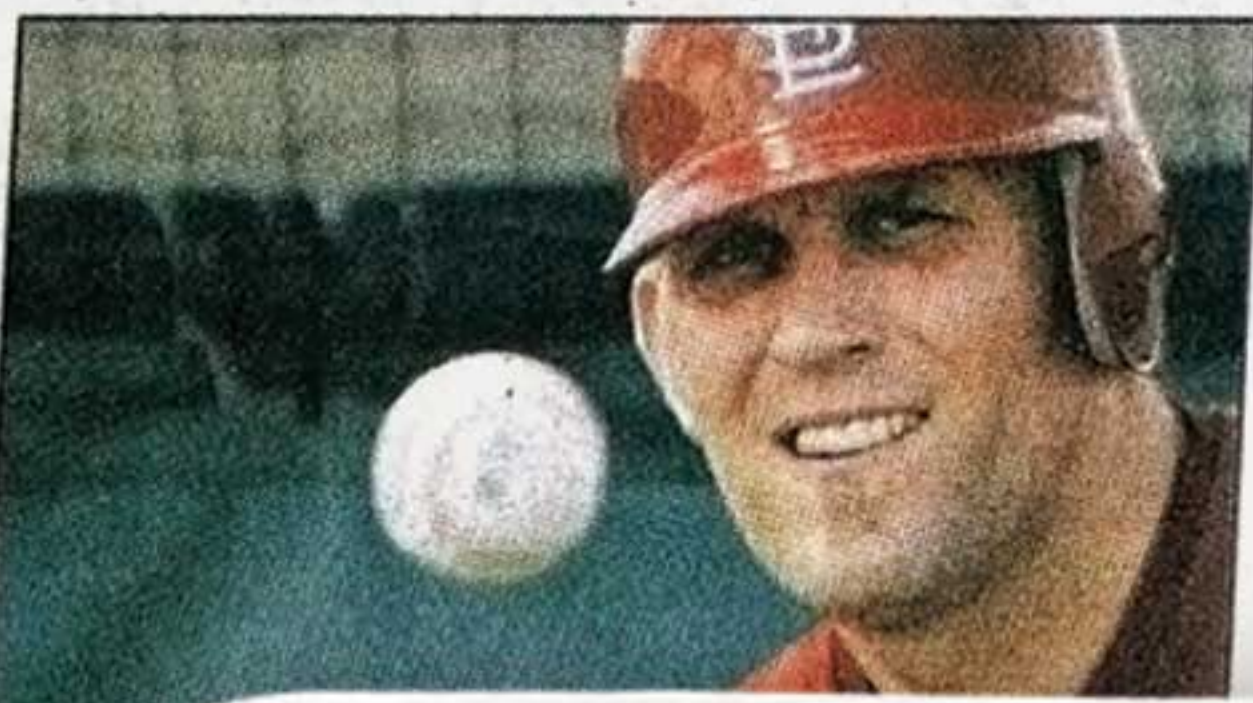


FINAL SCORES



Champion Cardinals regroup

St. Louis faces



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Music

Exclusives aim to pull music fans into stores



By Jim Shea

Only available at Wal-Mart: The retail giant will have a year of exclusive sales rights for The Eagles' upcoming album *Long Road Out of Eden*.

Declining CD sales drive new strategy

By Brian Mansfield
Special for USA TODAY

The world of music distribution faces turbulent times. Tower Records is gone. Hard-copy music sales continue to drop year to year, and double-digit hikes in digital sales haven't offset the losses. Meanwhile, brick-and-mortar retailers search for new ways to lure music-buying customers, particularly adults, who still buy CDs but no longer have the time or the inclination to go to music stores — assuming they can find one.

As national music chains dwindle, big-box retailers such as Target and Wal-Mart are taking cues from Starbucks and iTunes by adding more exclusive music to their shelves. Target's new Spotlight Music Series offers 15 discs, including new adult-contemporary music, genre compilations and mixes handpicked by Avril Lavigne, Jason Mraz, Dave Matthews and others.

"We know our guests don't have a lot of time to browse for their favorite music," says Target's Paula Thornton-Greer. "So the Spotlight Music Series makes it easy to discover, or rediscover, their favorite music."

"People are buying music differently, especially adults," says Jim Brandmeier of 180 Music, which developed the series with Target. "They're likely to buy music while looking for something else."

Retailers typically take a couple of approaches for exclusives. First, they work with labels or individual artists to create special packages. That could be as simple as Josh Groban's Valentine's Day compilation, *With You*, for Hallmark, which included two new songs. Or it could be as massive as Wal-Mart's exclusive deals with Garth Brooks (a multiyear pact) and The Eagles: The group's upcoming *Long Road Out of Eden* album will be available



A Song for My Father: This compilation CD featuring various artists is available exclusively at Target.

only at the chain for the first year.

Second, retailers extract exclusive content from labels. Buyers of John Mellencamp's *Freedom's Road*, for instance, had several bonus options, including a four-song CD at Best Buy, a DVD at Wal-Mart, downloads at Walmart.com and Circuit City, and a video and two rough mixes at iTunes. The permutations amounted to eight tracks and five videos. Jerry Lee Lewis' *Last Man Standing* album gave digital exclusives to Wal-Mart, Best Buy, Target, CMT.com, iTunes, Rhapsody, Urge and Napster.

Such extras leave smaller stores in the cold. "The profit margins of music retail aren't very good to begin with," says Clark Benson, CEO of The Almighty Institute of Music Retail, a California-based market research firm. "The big-box retailers don't need the margins from CDs. The exclusives are a draw, then customers buy appliances or electronics."

"I find the Wal-Mart/Garth Brooks deal to be less objectionable than having an extra track to a Bruce Springsteen album," says Mike Drees, co-owner of the 27-store Newbury Comics chain in New England. Brooks "is a clean deal. If you want that, go to Wal-Mart. With the other, we're in the position of selling an inferior product. It has a corrosive effect."

Billboard senior correspondent Ed Christman says Target's new line

is a variation of the licensing lure.

"What's unusual, as it was billed to me, is that it's much more marketing-heavy," he says. "It will be featured in circulars and possibly a television spot. Usually, the retailer doesn't spend so much money to promote these types of things."

In addition to generating incremental sales, Target's line appeals to its demographic while helping to distinguish it as a source for music in a chaotic, changing market. Starbucks has successfully implemented a similar approach with its combination of new music and licensed compilations. The coffee chain has turned its 12,000 stores and 44 million weekly customers into a powerful purchasing force, particularly for new artists like Antigone Rising and Sonya Kitchell.

"Music has been part of the coffee experience for quite some time," says Starbucks Entertainment president Ken Lombard. "We definitely know that Starbucks customers are totally hungry for the discovery of new artists. We knew that we had a unique opportunity and the perfect format for artists and labels to break new artists."

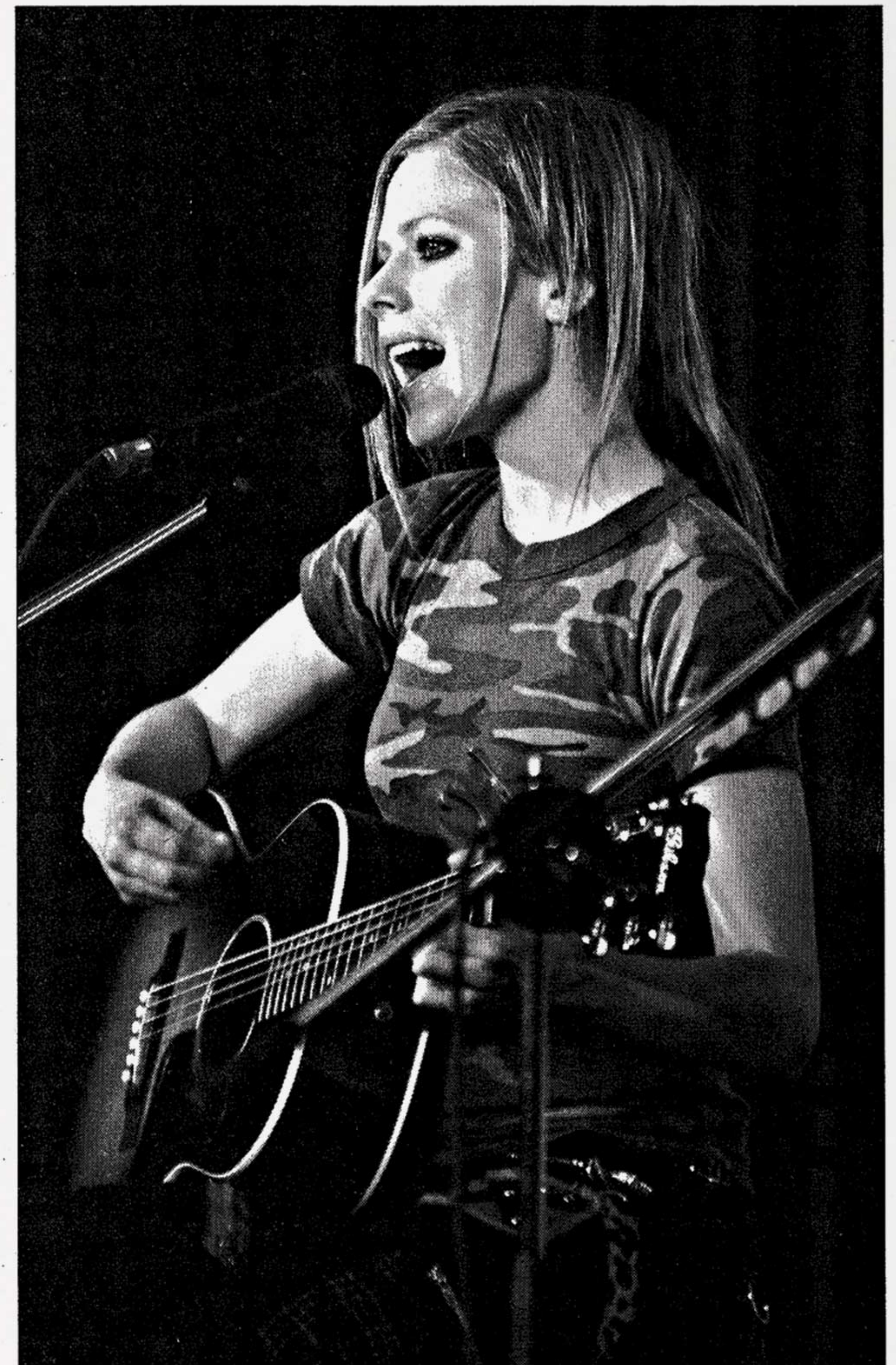
Starbucks recently released the debut CD by rock band Low Stars, featuring former Tonic guitarist Jeff Russo. Upcoming exclusives include a covers album with tracks by R.E.M. and Robert Plant and *Off the Clock*, a compilation by Starbucks baristas and shift supervisors.

As music's commercial paradigms shift, other stores find ways to create packages geared toward their clientele. Cracker Barrel Old Country Store now offers compilations from country artists, plus vintage Grand Ole Opry shows.

"It's private branding," says Christman. "How many companies make their own cereal for a supermarket chain? How many companies make their own detergents for a discount retailer? That's a set retail strategy."

Labels see the big-box trend as a potential bottom-line booster.

"You have to ask yourself who can grow the pie, not just shift the shares," says Jim Saliby, SonyBMG Nashville's vice president of sales.



By Wally Santana, AP

She's on Target: Avril Lavigne's handpicked mixes of songs will be sold exclusively at the retail chain as part of its Spotlight Music Series. Other artists include Dave Matthews and Jason Mraz.