



**An Interview with**

**Kevin Arnold**  
**Independent Online Distribution Alliance**

**on**

**Building, Broadening, and Energizing**  
**Audiences for the Musical Arts**

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**GBN** Global Business Network  
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## About Kevin Arnold

IODA founder Kevin Arnold is a terminal music fan. IODA enables the independent community to take advantage of the opportunities in digital music today, ensuring their place in the digital music future.

In 1993 he created the seminal indie rock music festival Noise Pop. Over the past 11 years has watched it grow from a one night shindig to an internationally renowned sprawling week-long celebration of quality music, film, and independent culture. Noise Pop has become an institution in the Bay Area, and continually strives to foster the growth of local up-and-coming musicians while showcasing the best of regional and national independent music.

During this time Kevin Arnold also worked for an online music company Listen.com. As Director of Data Services for Listen, he was able to combine his loves for music and technology by guiding the growth and development of Listen's complex music metadata database systems, data integration tools, and music royalty data warehouse.

Kevin is also the founder and chairman of Bay Area music nonprofit The Popular Noise Foundation. PNF was created in late 2000 at the height of the "dot-com boom" in San Francisco, when the sale of a local music rehearsal space building to a telecommunications company underscored the urgent situation of many musicians and artists in the City that could no longer afford to live and practice their art. PNF has operated programs to study the space needs of musicians in the city, promote live music entertainment, and educate the public on the local music community, and is planning a Musician's Grant Program to connect local musicians with resources from the community to further their art.

In 2004 Kevin was invited to join the Advisory Board of the Future of Music Coalition, a forward-thinking not-for-profit organization dedicated to educating the media, policymakers, and the public on issues at the intersection of music and technology, and collaborating on creative solutions to challenges in this space.

This interview was conducted by Kristin Cobble of GBN, in San Francisco, CA.

The comments below have been edited for clarity from a transcript of the interview. Some material has been condensed from the original for presentation here.

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**GBN:** Do you think classical music could learn some lessons from pop music?

**Arnold:** I think classical music already has learned from these things in many significant ways. I'm fairly ignorant when it comes to the classical music world, as well as, to a large degree, jazz and other sort of non pop-side music. One of the great things about IODA is that we've actually found ourselves to be the leading digital distributor of classical music. I think we have the largest classical catalog out there.

We work with many classical labels and we are increasingly working with individual symphonies like the London Symphony Orchestra and the San Francisco Symphony and the Milwaukee Symphony Orchestra and we do see a lot of opportunity there. We've also found ourselves to be quite strong in jazz and world music, as well. It's exciting and cool for somebody like me, who doesn't consider themselves expert in these areas, to actually be succeeding in distributing and supporting these other types of music communities. As a music fan, you can have an appreciation even if it's not your particular thing. One of the great things about music is that it is so diverse. There's so much to learn and discover; it's an endless book.

If you're going to try and turn the youth or a new generation of people on to classical music, I think that cross-over music and collaboration is a really great way to do it. It's not going to appeal to everybody but it seems like I'm hearing that people in the classical music industry feel that digital is important because they realize they are trying to reach a new fan base and keep the scene alive, in a sense. This is the same concern held by any underground music scene: that one has to support the scene and simultaneously reinvent it.

Conversely, the underground music scene is disrespected when it comes to the arts communities. They don't get any of the support. The Popular Noise Foundation has the explicit goal to get the arts community really focused on popular and underground music. The underground and popular music scene is a very large community that, in my mind, is no less legitimate as an art form.

I had one more point to make with regard to analogies between the classical and non-pop music worlds and popular music world. As we see these orchestras and people coming on-line is there's a very overt, whether or not it's intentional, initiative towards taking control of their own destinies in a very classic, punk-rock sense, which is really cool to see.

There's a union of classical musicians and symphonies who are very interested in creating their own record labels and taking their own destiny in their own hands; looking at ways to monetize the performances and spread the word about and promote more vision for the music that they create. There's a do-it-yourself ethic there. It's a really empowering thing, because it enables people to take advantage of some of these opportunities without a lot of financial commitment and overhead. It feels a little bit like an underground movement.

We definitely hope that we can play a part in this movement. I think we already have played a part in starting this and in acting as an enabler to foster this movement.

**GBN:** Could you say more about trends that are impacting distribution?

**Arnold:** Technology is a huge influence here. It ties in very, very much to the empowering of the independent community and non-mainstream music.

The Internet has always been championed as a playing field leveler or as an individual enabler. There is a lot of thought and focus about user-generated content, the ability for anybody to be a publisher and related issues. At the same time, it's also important to realize that – and it's already been demonstrated – that media is not like a flip-switch. Newspaper was the first one that was supposed to disappear, right? That's why I'm not one who's going to say the CD's going to disappear in five years. Mainly it's because peoples' habits and trends are very, very ingrained. It takes generations, in my opinion, to affect this type of cultural change. Also, there's a tremendous amount of power behind the established industries. People that are in the newspaper or publishing businesses and people that are in the major labels, they aren't just going to go away quietly.

At the same time, the fact that they are so big and powerful probably means that they're a little bit slow and clumsy in many cases, and also reticent and over-protectionist of the status quo, which creates huge opportunities for independents to take advantage of. We're interested in that across the board, not just because we're a distribution company, but we're also sort of a marketing and promotion company, and therefore, those small-scale publishers and DJ's or radio stations and the podcasters and the bloggers are extremely important to our world. We see this as an eco-system of sorts. It's going to reach the niche audiences that are really the fans of our music and stuff in a much more effective way than the traditional outlets.

Behind it all, of course, is technology. And technology provides the ability to scale and extend reach. The ratio is between several thousand bloggers with audiences of a few hundred people versus one major station with the likes of a million people. Through this, you end up getting that same type of power. And it's also much, much easier to experiment and try new things. Thus, it fosters creativity. There are absolutely no rules or limitations on what can be done, and I think that's really exciting.

From the distribution aspect of our business, the digital music market or retail world has a number of really huge advantages for independents. It has unlimited shelf space, it costs very little to put music on line right now and to store it, there's one copy that never needs to be replenished, and there is no shipping.

**GBN:** What about what companies like Amazon and Google doing? What effect will this have on the things we've been discussing?

**Arnold:** Besides taking music beyond the shelf, companies like these also can connect to an unlimited audience. Part of the problem of niche music, or any kind of niche music or independent music, is just finding it; being able to connect the fan to the music. The digital music marketplace and the Internet in general, can do that, but only from a retail perspective. Thus, they can make it available to everybody in every territory in the world, so that they can find that music online as opposed to having to go to the regional record store in Illinois where the band is from. There's a long tail of retail or sales and there's also a corresponding long tail of marketing and promotion, such as bloggers and podcasters. Now everybody in the world can learn about this music via the Web and have it trickle down and find its audience wherever they might be.

Now that we have this ability to take any music anywhere in the world and have it reach any fan anywhere in the world, we have the problem of how to change the dynamics of peoples' ways of thinking as music is globalized. How can you enable people to find all of this music from an organizational standpoint? How do you break down the borders that exist traditionally in peoples' music tastes?

This is a priority for us to advocate or evangelize on. There are a multitude of people in the world that have no idea what types of music exist in other places. I'm sure that if they knew it existed, they'd want to go and check it out. Yet, it's very difficult to be able to present with that in a pro-active way in an online environment. The big challenge for independent music in the long tail, and in general, is to make it visible once it's available. Availability is the first problem and then visibility is the second problem. The shelf space is unlimited, like the visible space is limited. One reason we think that the blogging and podcasting world is important is because that space *is* unlimited with regard to how music can be exposed and visible. We're trying to directly address that with some of our marketing and promotions efforts. You can think of it as digital street marketing. Where normally you'd be putting ads up inside a record store we can put them up on street poles around the world via the Internet.

**GBN:** Let's talk about the relationship between independent labels and the majors.

**Arnold:** That is a really big question. I'll shine a big spotlight on the independent sector of the world in general. I think there are two different sorts of converging or conflicting forces. One is the majors and the power base. Then we might think of the independent world as a little bit of an insurgency and/or breeding ground which gives us a bit of a negative and a positive cast. The two groups are symbiotic in a sense, but they're also at odds. The independents generally are independent because they don't want to be a part of the major world. At the same time they are like a launching pad or even breeding ground for what the majors do. And certainly my concern and the ideal outcome of this thing is that there's less of this sort of launching pad aspect. Ideally, I'd like to see that the independent world is better enabled to take people to the next level and become successful while staying in this realm as opposed to moving over to the majors.

**GBN:** Is this what the indies would prefer?

**Arnold:** Certainly, this is what the independent labels would prefer. It's an interesting thing with regard to an artist. It depends on what they want as far as their goals and ideals. And it's very attractive, depending on the culture from which somebody comes. Certainly, you're going to have a different perspective in the hip-hop world in particular or the mainstream country world from that which you might have from the alternative rock world. Artists have images and heroes that they aspire to. It might be that they aspire to a smaller level of success or it might be that they want to be the biggest star in the world. There are a lot of bands, especially in the indie rock and the alternative world that pooh-pooh that latter type of success. They want credibility in the underground but ultimately my feeling is anybody who gets in a band and wants to stand up on a stage wants to be a rock star.

From IODA's perspective, we believe that the good part of the music world comes from the independents and any new trend or major movement in music, stylistically or commercially really does come out of the independent world. Anybody out there, who is really unique and trail-blazing, has come directly out of the independent world.

There is a constant conflict and tension between the major world and the independent world. I would much rather see the independents win the battle. Do I want to go out and be in a lot of control and get a fair deal and a fair share of what I want to do, or do I want to roll those dice and see if I can hit the jackpot and go up from there? The major world is a little bit like a venture capitalist model. They are financing and taking bets but less than ten percent of these actually succeed. The rest don't receive the same sort of attention. They end up right back in the indie world.

Music is a cyclical thing and it's a constant re-invention of itself. It's a very short business and it's a very short world with regard to popular music. The history is very short as opposed to classical music and it's really trying to figure itself out. We've heard so many times over the last couple decades that rock is dead. I'm sure hip-hop's been pronounced dead several times and we all know disco has had its death. But arguably, disco has been re-birthed in a pretty big way.

**GBN:** What are you learning from your interactions with Japan and China? How is it different from the U.S. and European music industries?

**Arnold:** That's a good question. The music business, in general, is very territorial. It's very border-focused. This is part of the reason it's been so hard for companies to move into places like Europe. iTunes has definitely paved the way, but nobody else has really done it to that degree.

The majors operate as separate businesses in each country. Music is often licensed from territory to territory and there are numerous barriers to making the music available because the old business is so territorial. It's my sincere hope that people can start thinking about operating globally, as well, and I definitely feel that digital music can be an enabler. At the same time, our part of the music world is still less than ten percent of all

sales. Therefore, this will definitely be a long-term endeavor. The industry predicts that digital music will be about 25 percent of the overall business by 2009 or 2010. We're still a long way from digital being the majority of sales

There are also some cultural differences in doing business with other territories like Europe. These differences are even more exaggerated in dealings with Asia. People are starting to see the promise of doing business with other territories, but people are slow to change. The independent music world is independent, first and foremost, which means that you've got a whole bunch of really passionate people who are independent thinkers and have their own opinions. They're generally very strong and some people will be very reticent to change. Others will be very, very forward thinking and will be eager to jump onto the next big thing. Some are followers. It's a really, really diverse landscape of types of people and ideologies and opinions. Many in the independent world have been slow to take full advantage of what's out there.

**GBN:** Is it harder in Japan because they tend to have more exclusive distribution arrangements?

**Arnold:** Not necessarily. It's more like they have less of a view of what the trends are around the world and because the industry inside Japan is different. They are way ahead of us with regard to mobile technology and cell phones and there's a huge market around full-song downloads and ring tones in the mobile world. Yet, there's very little downloading of music to PCs. They're a cell phone-focused culture and not a PC-focused culture. With the cell phone or the mobile purchasing device, you have a lot more challenges, because you have such limited screen space. You can't show as much music and you can't market as much music. Thus, it seems to be even more hit and top-end focused. It is more difficult to take huge catalogs of music on-line. Even in the U.S. they want to cherry-pick individual tracks.

In Japan a PC is a work tool and you do work on it. It's not viewed as an entertainment device like it is here. There's a lot of skepticism, I think, about any sort of downloading in general. iTunes has shown an extraordinary ability to move and make markets and influence change in a big way, which is a great thing for the industry overall. We wouldn't be doing what we're doing today if it wasn't for iTunes. They have had a big influence in Japan and are already making PC downloading much more popular.

China is a harder nut to crack. But it's a really, really big nut. So I think that'll also take some time. The same cultural issues exist with regard to China. The company that we work with there, CRC, China Records Corporation, is the State government label of China.

Their catalog is huge. They've put out somewhere on the order of 60,000 albums over their history. And they've been around for a very, very long time. There are some amazing treasures in their catalog that really should be brought to life and made available to the world. One of the most interesting stories about the CRC catalog is that there's a whole bunch of catalogs, apparently, that were from an underground jazz

scene during the Cultural Revolution which were all essentially banned. The CRC had it before Mao was in power and tried to hide all of this cultural music. Apparently the CRC just vaulted it all. It's still out there somewhere and we're really hoping to be able to bring it to light at some point.

**GBN:** How do you define "scene"? What constitutes a music "scene"? You talked about keeping the scene alive. What are some of the tactics that these smaller groups use to keep the scene alive?

**Arnold:** A scene is a music community or movement. And how do you keep it alive? You have leaders and creative thinkers and people that inspire other people. The nice thing about these smaller scenes or underground communities is that people have the freedom to do whatever they want. They put things up on display and talk about it. Technology increasingly makes these opportunities available. They reach new people and new fans that might believe in similar things. They can spread the word.

Everybody talks about how powerful viral marketing is and people try and influence it, enforce it, and control it at a very commercial or marketing level. Many times it fails because you just can't control it like this. It's an organic thing. When a real movement catches fire, it's because there's something special about it.

**GBN:** I'm trying to understand where fence-sitters belong. Are they a scene in and of themselves? Are they their own animal? Is there a difference between shifting scenes and being fluid within a scene? How do you label them in your distribution database?

**Arnold:** Sometimes you have people in two buckets. Those guys mostly are in classical and when they are on iTunes, the biggest place for them to stand out is going to be on the classical music charts and promotion area.

People are constantly looking for that new and exciting and different thing. There are definitely opportunities for them to cross the borders between scenes. But, there's also a lot of risk involved with any sort of innovation or creativity.