

# U.K. Indie Group Formed

**Assn. Has Diverse Goals, Will Work With BPI**

BY JEFF CLARK-MEADS

LONDON—The U.K.'s major and indie labels are working out to what extent they are dancing to the same tune.

The indie sector is setting up its first viable representative body in a decade, the Assn. of Independent Music (AIM). Unlike its '80s predecessor, Umbrella, AIM is planning to do business with the major-dominated body, the British Phonographic Industry (BPI).

Indeed, new AIM chief executive

Alison Wenham says that her organization and the BPI will focus together on issues of mutual concern, such as piracy and political lobbying. But all other aspects of the relationship between AIM and the BPI remain to be resolved.

Leaders of the indie sector have been discussing the concept of having their own body for 18 months. The existence of those negotiations was first revealed by Billboard in the summer (Billboard, July 18).

Now it has been announced that AIM will be operational by Jan. 1, according to Wenham. She is recruiting the four staff members the organization requires and is seeking offices in west London.

Wenham, as founder and longtime managing director of the classical label Conifer Records, is regarded as an ideal candidate for the position of chief executive. With her history in the classical sector, she is seen as politically neutral by the pop and rock labels, and her standing in the record business makes her acceptable to the corporations. She also has

(Continued on page 86)

## Warner Reshapes Euro Management

This story was prepared by Emmanuel Legrand, editor in chief of Music & Media.

LONDON—Warner Music International (WMI) is refining its management structure in Europe and elevating two of its senior executives to newly created regional positions.

Warner Music Italy/Greece president Gerolamo Caccia is appointed president, southern Europe; he will be responsible for France, Spain, and Portugal in addition to the two countries he already oversees. Simultaneously, central European

(Continued on page 95)

## Industry Decries Philips CD-RW Ads

BY JEFF CLARK-MEADS and ROBERT TILLI

LONDON—Advertising for the first generation of rewritable CDs (CD-RW) has infuriated labels and publishers. Organizations representing both sides of the music industry say they are considering legal action over what they see as an incitement to infringe copyright. At the core of the issue is electronics company Philips, which is in the process of leaving the music industry through the sale of its record arm, PolyGram. Philips' advertising for its CD-RW machines touts the fact that the system can dig-

(Continued on page 86)

## Venture Connects Radio, Net Retail

BY DON JEFFREY

NEW YORK—A film entrepreneur and a radio promoter have devised a way to link radio, retail, and the Internet in a new venture.

Music Magic, a limited partner-



ship based in Los Angeles, is setting up a chain of branded online music stores linked to individual radio stations nationwide (Billboard Bulletin, Nov. 12).

(Continued on page 86)

# Brits Show Raising Its Profile

BY DOMINIC PRIDE and MICHAEL PAOLETTA

LONDON—The Brit Awards 1999 will receive a late-night slot on ABC-TV in the U.S. next year, as the show starts to build an international presence. It is hoped that this will pave the way for a prime-time slot in the U.S. in 2000, a long-sought-after goal of the British music industry.

According to David Saltz, executive producer for music for ABC-television (and the executive producer of the U.S. program), final details are still being finalized.

"We expect the show to pre-empt what [local affiliates] run in their markets," Saltz says of the scheduled 11:30 p.m. airing on March 6. "With our 225 affiliates, there will be high clearance for this program, somewhere in the range of 90%-95%. And it won't be a case of whether or not an affiliate will program it, but at what time of the day."

Calling it "one of the best live music specials," Saltz says he appreciates the award show's deft intertwining of concert, party, event, and celebration. "It's a very special evening, with music at its core. It's

like a very private affair that we've all been invited to."

The show will also be promoted in the U.S. by the Brit organizers. The nominations for the awards, due in January, will also be officially announced in the U.S. Eagle Rock Entertainment, which is selling the



TV rights for the third year, says it has got the show back on German TV

after a three-year gap, striking a deal with cable pay-TV station Premiere.

Rights have also been sold to broadcasters in other key territories, including cable station M6 in France, Fuji-TV in Japan, Stream/RAI3 in Italy, and MuchMusic in Canada. So far, the show has been sold to more than 100 territories, says Eagle

Rock, mostly to key terrestrial networks or pay-TV channels.

Alex Fraser, television sales manager for Eagle Rock, says there is heightened demand for the show because of renewed interest in British music and because of the production standards of the show. "The Americans saw the show, and everyone was very interested," he says.

ABC took the 1998 awards show, but it was not shown simultaneously across the whole country.

For 2000, ABC has every intention of taking the program into prime time. "But it's just a little too early to confirm anything," says Saltz.

MasterCard, which struck a three-year sponsorship deal with the Brit Awards worth close to 2 million pounds (\$3.4 million) (Billboard, Nov. 7), may also be looking to gain more

(Continued on page 88)

## Argentine Biz Worries That '98 Gains Will Deflate In '99

BY MARCELO FERNANDEZ BITAR

BUENOS AIRES—Despite indications that Argentina's record industry could register record-setting sales in 1998, several executives here are fearful that a nascent recession will deflate the market in 1999.

"The first months of the year were calm, and April showed a growth that brought enthusiasm to us all," says Roberto Piay, president of Argentine recording trade association CAPIF. "But a major slump in September showed that the country's economic deceleration may hit the record industry."

Piay is quick to add that the country is not in a recession, but he notes that the Southeast Asia-induced economic downturn in Brazil could adversely exports to that country—Argentina's main export market.

In addition, Piay suggests that the presidential election in 1999 may thwart economic growth as the country's business leaders await the out-

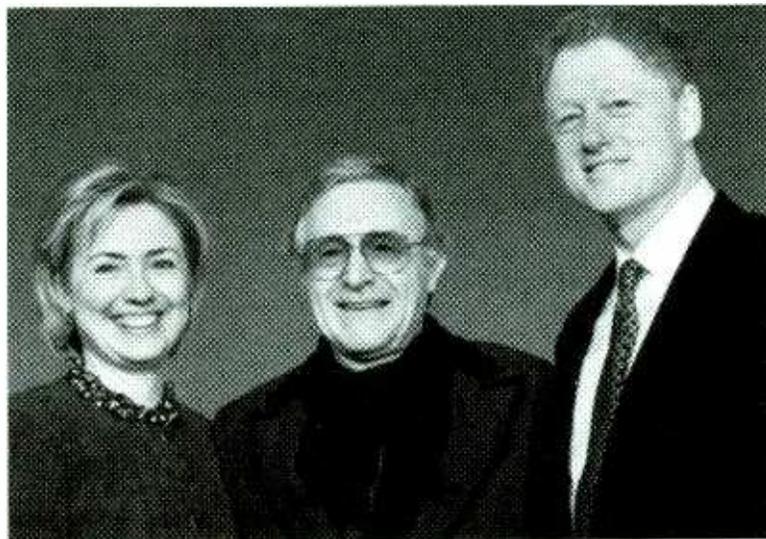
come of the election.

Piay points out, however, that "it is difficult to quantify" what effect the economy and the presidential election will have on the Argentine record industry.

For the moment, Piay says, in spite of the dropoff in sales in September and a potential slowdown in the economy, sales for CAPIF's member labels, which account for some 90% of the Argentine record industry, are on target to enter record territory.

The domestic record business gen-

(Continued on page 85)



**Medal Of Honor.** HighTone artist Ramblin' Jack Elliott was one of 12 recipients of the National Medal of Arts in a ceremony held Nov. 5 on the South Lawn of the White House sponsored by the National Endowment for the Arts. Elliott is flanked by President Clinton and first lady Hillary Rodham Clinton.

## After Streamlining, WH Smith Sees Record Profits

This story was prepared by Tom Ferguson, managing editor of Music & Media.

LONDON—Retail chain WH Smith increased its pretax profit to a record 142 million pounds (\$227 million) on overall sales of 2.1 billion pounds (\$3.3 billion) in the 12 months ending Aug. 31, according to preliminary results published Nov. 11.

Smith has changed the end of its fiscal year from May 31 to Aug. 31. This means that Nov. 11 saw two sets of preliminary results published; one covers the 15-month period ending Aug. 31 to comply with legal requirements under the Companies Act. Both results cover a period that saw Smith dispose of the music and video chains the Wall in the U.S. and Virgin Our Price in the U.K., along with the book-selling chain Waterstone's.

It also acquired the retail operations in the U.K. of its former direct competitor John Menzies. Pro forma figures for the 12 months ending Aug. 31 include an exceptional operating cost of 10 million pounds (\$16 million) relating to the reorganization of John Menzies Retail, some 4 million pounds (\$6.4 million) of which is accounted for by "staff rationalization costs." The Menzies stores were fully integrated into Smith's retail operations Sept. 1. Smith has secured annual administration savings of 7 million pounds (\$11.2 million) as a result.

"Following the successful sale of non-core operations," said chief executive Richard Handover in a statement, "we have reorganized our activities and are focusing on building the WH Smith businesses and brand."

In the U.K., Smith operates 558 High Street stores, 158 under the

John Menzies banner. It also has 409 outlets in the U.S. Its WH Smith brand in the U.K. has more than 400 music and video departments. In the 12-month period, Smith's overall profit before tax and exceptional items rose 10% to 142 million pounds (\$227.2 million), compared with the 12 months ended Aug. 31, 1997.

Sales from Smith's retailing operations rose 8% to 1.16 billion pounds (\$1.86 billion), generating an operating profit of 66 million pounds (\$105.6 million), up 14% compared with the previous 12 months.

"In the High Street business," said Handover, "we continue to rebuild the product offerings and the key disciplines critical to the business in the future."

The 15-month results show total sales across the group of 2.6 billion

(Continued on page 94)

## Kingsmen Prevail In Contract Suit

BY BILL HOLLAND

WASHINGTON, D.C.—The '60s rock band the Kingsmen won a five-year court battle Nov. 9 when the Supreme Court declined to hear an appeal of a decision that grants the group 30 years of back royalties for its hit version of the Richard Berry song "Louie Louie" (Billboard Bulletin, Nov. 10).

The song, which remains popular to this day, reached No. 2 in the Hot 100 in 1963. The appeal of the Kingsmen case would have been on a narrow jurisdictional issue about whether the case should be dismissed because the lawsuit was heard in California.

The suit was based on existing California and New York law that states that a party may unilaterally rescind a contract if there have been "breaches of the contract so material and substantial a nature that they affect the very essence of the contract and serve to defeat the object of the parties."

(Continued on page 87)