

Forget CDs Forget Downloads Streaming is the FUTURE!

Mark Block



ALBUM SALES have tanked to a shocking degree, dropping from almost 700 million in 2004 to about 300 million in 2012, according to the IBISWorld Industry Report 51222. Audiophiles love to blame this sorry state on the evils of iTunes and its business model of 99 cents per song, but they're wrong. Sure, iTunes sold 10 billion songs by 2010, but if you want a truly mind-boggling statistic, consider this: The leading music-delivery format for teenagers last year was ... YouTube, surpassing both iTunes and radio. So says the Nielsen survey for August, 2012.

Many in the music business realize that a paradigm shift is happening again, less than a decade since the opening of the iTunes Music Store. Recognizing the change in how people consume music, Billboard began including "On-Demand" streaming data in March of 2012. Then on February 21, 2013, history was made when YouTube views were added to the calculations for the Hot 100 chart. Shockingly, a novelty song called "Harlem Shake" came from nowhere to debut at #1. A Rihanna song jumped from 57 to 3. If the past belonged to records, then cassettes, then CDs, and then down-

loads, the future is here now. If I were giving updated advice to Dustin Hoffman in *The Graduate*, I would change that one famous word of wisdom from "plastics" to "streaming," and I would say that of the many streaming services out there today, two clearly lead the way: Pandora and Spotify.

Audiophiles owe it to themselves to give these two very different services a listen. The fundamental shift we're experiencing is not about singles versus albums or downloads versus CDs. In a nutshell: Young people don't care so much about owning physical media. But, happily, they still love music. Consumers may own less music, but they listen to more of it than ever.

As I walk around "open plan" offices, I see most under-40 people wearing headphones (when they're not on the phone). More of us are enjoying more music than at any time in history, and given the quality of headphones nowadays, we're hearing the music more clearly. A few years ago at my office, people were sharing their iTunes libraries on the company network, and piles of recently purchased CDs were much in evidence. Then along came Pandora.

Pandora Internet Radio, the commercial outgrowth of the Music Genome Project, was started in 2000 by Will Glaser and Tim Westergren. The two came up with over 400 attributes for categorizing songs, then devised a complex algorithm to create relationships between songs. Musicologists were hired to listen to and analyze tracks, then apply the proprietary taxonomy. It's a synthesis of human experience and computer power.

When you sign up for Pandora Radio, you can choose the free service and endure ads, sort of like free broadcast radio, or pick the Pandora One premium ser-

then play whatever you want from that search. Yep, you can play a new album without buying it. There's a social aspect, too. All your Facebook friends show up in a sidebar, so you can see what they're listening to. You can also create playlists and share them with everyone else on Spotify.

I like to discover new songs by listening to the playlists of people who I've marked as having interesting taste. A new feature is that Premium users can download songs to their computers or mobile devices for listening offline, no Internet connection necessary.

Pandora is the best thing since chicken soup, even if dangerous to my credit card balance!

vice, which eliminates the ads and offers a higher bit rate, 192k, for \$36 yearly or \$3.99 per month. Once you've registered, you can use Pandora via a web browser, a desktop app or a mobile iOS or Android app. Many newer car stereos feature Pandora connections, as do home theater receivers and Blu Ray players. Pandora Radio has become almost ubiquitous.

Why is Pandora so cool? Instead of choosing from your own library of purchased music, you are now the virtual owner of the world's biggest radio station, hosted by the world's most knowledgeable DJ. Instead of thousands of songs to choose from, you have almost a million at your DJ's disposal.

Here's how it works. You create a "station" based on artist, song, composer or genre, then let the Music Genome algorithm do its thing. As songs play, you can fine-tune the algorithm, customizing it to your taste, by clicking on the thumbs-up or thumbs-down icons and skipping songs you don't like. (I'm glossing over some of the nitty-gritty here, but you get the drift.) The station is saved to your account, so you can get back to it any time, anywhere, on any device. And, of course, you can change your mind and listen to something else on a whim. You're the boss. It's like telling the on-air DJ that the radio station is no longer classic rock, it's classical. Instantly, you have a new radio station, with no complaints from the "staff."

Pandora is only available in the U.S., Australia and New Zealand, but it has reached almost 60 million users. While Pandora was growing in the colonies, Spotify was taking Europe by storm. Started in Sweden, Spotify came to the U.S. in July of 2011 after several years of negotiations with record companies. By then, the Spotify buzz was deafening. Although it now offers a free-to-all, ad-based service like Pandora, at its U.S. launch the free membership was by invitation only, which certainly stirred up the Spotify hive. Registered Spotify users were allowed to invite friends, so a Spotify account was a valuable social commodity. Currently, the paid options (\$5.99 per month for Unlimited and \$9.99 for Premium) offer an ad-free service, a 320k bitrate and various additional features. Spotify hit the 20 million-user mark about a year ago.

So what's the buzz about? Unlike Pandora, which is a virtual radio station, Spotify is a virtually unlimited album library. You search for an album, artist or song,

That's huge: You can legally have songs on your device that you didn't actually purchase.

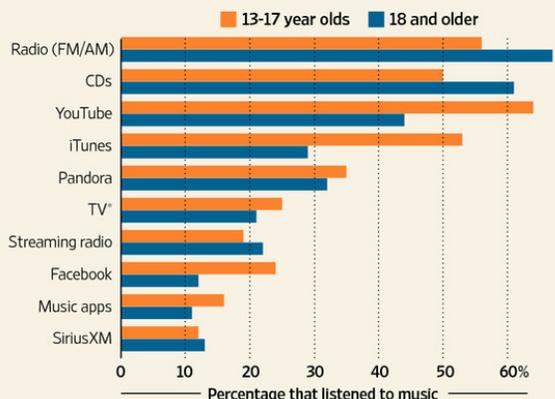
How does it sound? Variable. But in general, Spotify at 320k sounds excellent. There is some controversy about how much of the Spotify library has been upgraded to 320k from the original 160k. With albums that have been mastered multiple times, you may not be sure about the provenance of the tracks. But overall, it's very listenable on good headphones or on a high-end system.

Allow me an anecdotal example. I quite like a little group called Barnaby Bright. I preordered their new CD, *The Longest Day*, but I've been enjoying it on Spotify while the CD was in transit. Now that I have the CD, I can say that, yes, an uncompressed CD rip sounds better. But not so much that I couldn't live with the Spotify 320k stream.

What's not to like? Some complain that Pandora and Spotify don't pay artists enough. Perhaps, but that's not a reason to boycott streaming. Artists do get paid — whatever the music industry has negotiated. My sympathies are with musicians who don't get a big enough cut. However, as these streaming services gain popularity, artists will make more money, and the industry might

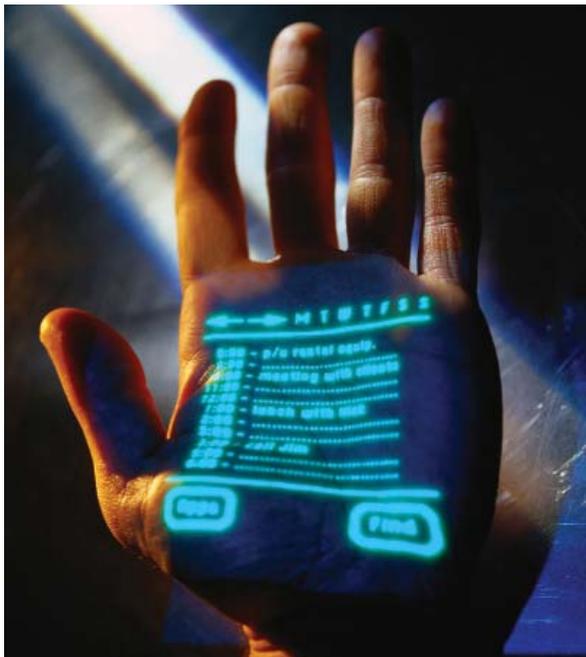
The Great Divide

Teenagers and adults listen to music in different ways. How each group has listened to music in the last 12 months:



*Includes music channels, streaming services, video on-demand
Source: Nielsen Music 360

The Wall Street Journal



even have some leverage to negotiate better contracts. In any case, record companies have *always screwed their artists*. What's new? All I can say is that I've been exposed to, and paid for, the music of many dozens of artists that I never would have heard without Pandora and Spotify.

Another complaint is that "cloud" servers and streaming are not reliable. I disagree. I'm writing this article on a document that doesn't exist on my computer; it's in the infamous "Cloud." I don't care that it's not on my hard

drive; all I care about is that I can get to it whenever I want, wherever I am. Same deal with music. My "anachrophile" friends on Facebook love to gloat when one online server or another goes down: "Hey Mark, how ya gonna listen to Pandora (or Amazon's Music Player, or iCloud, or whatever) when the servers are down?" Well, I guess I'd be just as screwed if a tube failed in my amp or a cantilever broke on my turntable, except that if Pandora went down, I'd just switch to Spotify.

And if my Internet connection went down? I'd switch to LTE on my mobile device. And if that went down? Well, my house could burn down, taking all my LPs and CDs with it, but that's no reason to not buy physical media. If I can enjoy the music I love without actually owning it, I have nothing to lose. Isn't that what Kris Kristofferson called "freedom?" Of course, if I love something enough, I will still buy it, whether as a CD or an HD Tracks download.

While writing this afternoon, I listened to some music by creating a Paul Simon station on Pandora. A cut from James Taylor's *JT* came up, and it sounded lovely. What followed was something from the Pousette-Dart Band. Uh? Oh, yeah, forgot about them. They're good! A few minutes later I heard a track by Sonny Condell. Who? Who cares? It was wonderful. Within 45 minutes, I'd listened to four great tracks from artists I've never heard of, in addition to some of my favorite Paul Simon hits. And I bought Sonny Condell's *Camouflage* CD on Amazon.

That's why Pandora is the greatest thing since chicken soup for music lovers, if dangerous to the balance of my credit card on file at Amazon.

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