



## Phish fans' devotion offers lucrative Net opportunity

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LIMESTONE, Maine (AP) — Phish, the Vermont band whose open taping policy helped it become one of the nation's biggest live acts, is now using its fans' loyalty to cash in on the online music revolution. The jam band promoted its live music download site at its end-of-tour festival, which drew an estimated 70,000 fans to this remote northern Maine town last weekend. Livephish.com offers a service no other band is providing: soundboard-quality downloads of its performances within two days of the concert. Fans pay \$9.95 for MP3s or \$12.95 for a computer file format where no sound quality is lost during compression.

In the first four months after Livephish's launch on New Year's Eve 2002, the service generated \$1 million, said Brad Serling, whose company runs the site as a joint venture with the band. "It's beyond our expectations," Serling said. "It's been profitable from day one."

Whether Phish's success offers a formula for an industry struggling to find a viable Internet business model remains an open question. That's partly because Phish is a band unlike most others. Like the Grateful Dead, Phish has always allowed fans to record its performances. Likewise, its performances vary widely from night to night, and the band has spawned a subculture of hard-core fans who began trading recordings long before Napster. Since Livephish's launch, many of the band's young, digitally adept fans have proven willing to pay for an improved version of what's already available at no cost. Sound quality is better, and fans appreciate the convenience of being able to access the equivalent of three CDs of music just 48 hours after the show. During last weekend's festival, a long line of concertgoers snaked outside a white tent called the House of Live Phish. Fans used Apple iMacs to make their own free CDs from a menu of three or four songs performed at each of the band's concert stops this year. Some burned their CDs, then jumped right back in line. And fans offered rave reviews of the Livephish service. "To release it two days later in soundboard quality is the ultimate treat for a fan," said Brian O'Neal, 28, of Nashua, N.H. "I think that could be the greatest thing a jam band ever did." Eighty percent of each concert's sales at Livephish.com come within a week of the show, according to Serling. "This is totally new," gushed Bret Berman of Boulder, Colo. "And I think a lot of bands are going to start doing it." Some bands are tapping into the market for their live performances. Pearl Jam has begun releasing CDs of each of its concerts, and New York-based Rockslide sells CDs of live shows by a number of lesser known bands.

But Serling wondered, "Why waste your time putting the music on a piece of plastic ... when you can take the concert and make it available to millions of fans with the push of a button?"

The biggest hurdle to bands' selling their live performances online is unlikely to be demand, said Josh Bernoff, an analyst at Forrester Research in Cambridge, Mass., but rather resistance from their record labels. Phish has an unusual contract with Elektra Records that gives the band the right to let fans record its live shows.

Elektra, owned by AOL Time Warner, gets a share of profits from Livephish.com, according to Serling. Most bands don't have the same bargaining power as Phish, Bernoff said. That means that even bands with devoted followings could have problems duplicating Phish's model. "In most cases the label has basically exclusive rights to sales of recordings by the bands,"

Bernoff said. "The problem is the label." But he added, "The record business is not doing great. It's doing really, really poorly. ... I think in that environment you're likely to see a fair amount of experimentation." The record industry has begun selling studio tracks on a monthly subscription basis or a la carte at sites like pressplay, MusicNet and iTunes. But they haven't exploited the market for live performances.

If the major labels do enter the market, they won't likely sell concerts in the easily copied MP3 format, as Phish does, Bernoff said. "Phish has the kind of fans who would download these files and pay for them," he said. "It shows an enormous amount of trust in the fan base to put these recordings out there in MP3 format." Phil Leigh, an analyst at Raymond James & Associates in St. Petersburg, Fla., said other bands have the kind of dedicated fans who would pay for concert recordings. But acts with an older fan base, like the Rolling Stones, might have a hard time selling their concerts online, Leigh said. "The Stones probably have a number of fans who no more understand how to download a track than a cow comprehends algebra," he said.