

# Music mogul Davis to retailers: Make shopping fun

SAN DIEGO (AP) - Legendary music mogul Clive Davis has some advice for music retailers looking to persuade music fans to return to traditional record shops: Make shopping more fun.

"You are faced with a major threat... competition from digital distribution," Davis warned hundreds of merchants and recording industry executives who gathered Sunday for a conference.

The renowned chairman and chief executive of BMG North America compared the choice between buying music online or in a store to eating dinner at a restaurant or at home.

"It's fun to shop for music... and you're not making it a fun experience," he said. "You have got to make it exciting."

Davis said he was impressed by Tower Records, which has staff members well-versed in music, and Virgin Megastore, which re-

cently redesigned some stores. Tower emerged from bankruptcy court protection in March.

The four-day gathering of music merchants comes at a turning point in the retail music business. Retailers, heavily dependent on physical music formats like CDs and audio cassettes, have been particularly hard-hit by an industry downturn that began in 2000.

Even though U.S. music sales are up 9 percent so far this year, retailers are struggling to hold their ground in a market where digital sales are growing.

Davis, who launched the careers of Alicia Keys, Whitney Houston and other superstars, didn't address whether retailers should offer computer downloads or customized CD burning inside their stores.

But finding ways to generate sales from the online music boom is now at the top

of the list for retailers, from large chains such as Best Buy Co. Inc. and Tower to regional and independent mom-and-pop merchants.

Several firms were scheduled to pitch their own in-store technology offerings during the conference. Among them is a new hybrid CD-DVD format known as Dualdisc that features standard CD audio on one side and DVD-compatible material on the other. The technology is receiving a push by the four major recording companies.

Also being promoted are

in-store computer kiosks that can crank out custom CDs and sell downloads.

"We have to make sure CD burning becomes a commercially viable option for all of us," said Glen Ward, president and chief executive of Virgin Megastore.

Online sales of digital tracks remain a small part of overall music sales. However, in February, the number of song downloads sold in a week exceeded 2 million for the first time, said Jim Donio, acting president of the National Association of Recording Merchandisers, which

organized the conference.

He said "seismic shifts in music consumption" are being caused by the popularity of Apple Computer Inc.'s iPod digital player, its online music store and other Internet retailers such as Napster 2.0, Rhapsody and MusicNow.

Still, the most common music format is still the CD, and it's likely to remain that way for the next few years, Donio said.

Looking ahead, he warned that companies across the music industry are still operating on tight margins and merchants remain vulnerable

to changing consumer preferences.

When it comes to the popularity of artists, he provided a largely positive outlook, citing the pickup in sales and the high-flying success of Norah Jones and Usher, whose albums sold more than 1 million copies in the first week of release — the first time that's happened since 2000.

"Upcoming releases for Eminem and Faith Hill, among many others, could keep the party going for the rest of the year and well into 2005," he said.

## Auto

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shop and watch others do their work, Gray said of Freeman.

Freeman has had his share of ups and downs.

He went into his store one day to find that everything had been stolen. Someone had smashed the storefront window and backed their truck up to the store and cleaned it out, he said. Everything — tires, rims and car accessories — was gone, he said. Trendsetters sat an estimated \$70,000 in the hole. While Freeman pondered shutting his store down permanently, help came in the form of a well-timed phone call.

East Texas nightclub deejay, Nico Hernandez, hipped a well-known Latin music group to Trendsetters' work. Given the high prices that even a set of knock-off rims could set a person back, a big order from the platinum-selling music group, Los Kumbia Kings put Freeman back in business.

"Everything I have in this building has been my goal. I've had a lot of setbacks and it makes you want to stop, but you plant your seeds and you grow," Freeman said.

Today, Trendsetters continues its success. The store has customized the rides of Kenyon Martin of the NBA, Greg Street of K104.5, Kavika Pittman of the Carolina Panthers, rap stars Loon and E-40 and, of course, Los Kumbia Kings.

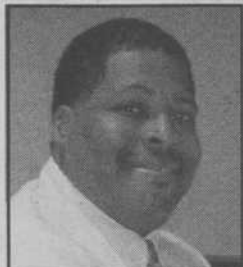
Street had Trendsetters put a set of 20-inch LD-1 Lowenhardt rims and Michelin Pilot tires on his 2001 Bentley.

Equally stylish is Pyburn's truck. He opted for a set of 24-inch Dub Shaolins rims and tires on Jennifer but still, he has not done enough to keep her satisfied.

"I feel like it is missing one piece," Pyburn said. "It could be me just dropping it or just changing the tint to bring out the color. It's just certain things."

Andre Coe writes for the Dallas Examiner.

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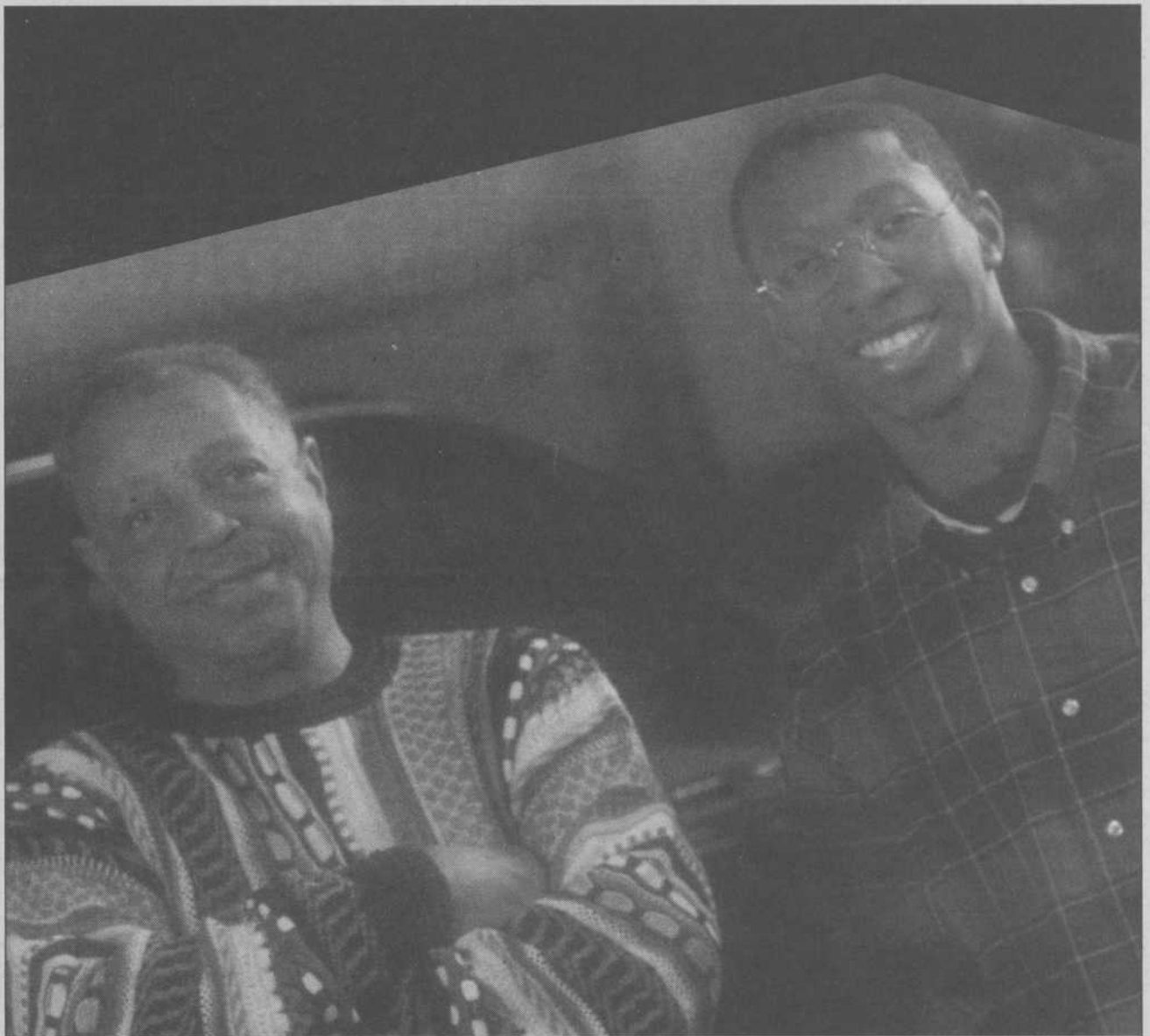
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